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Latin America Report

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13 June 1985

LATIN AMERICA REPORT

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INTER-AMERICAN AFFAIRS

CARICOM COUNCIL EXAMINES TRADE, OTHER ISSUES

FL061506 Bridgetown CANA in English 1627 GMT 4 May 85

[Text] Georgetown, May 4--Caribbean Community (Caricom) states are pressing on with their efforts to overcome the snags that continue to dog intra-regional trade, perhaps the most important aspect of the regional integration effort.

This was the underlying thrust of the latest three-day meeting of the Common Market Council of Ministers--Caricom's second highest decision making forum--held at the secretariat here.

Long, frank, and sometimes hard bargaining between member states up to midnight on the final day ended with a recommitment to the ideals of the Caribbean Common Market, to the aims of integration, and specifically to a package negotiated in the Bahamas last July and aimed at reviving sagging intra-regional trade.

In a press conference at the conclusion of the 26th Common Market Council Meeting, Caricom Secretary-General Roderick Rainford, said: A lot has been said about the background against which the issues were faced in this council... new understandings reached in this council, against which we expect further forward movement, have already been taken. Other member states are now building on that action, so that eventually, we will have moved towards full implementation of the Nassau package.

One of the primary issues that occupied the attention of the ministers was the question of intra-regional trade, and the continuing efforts to reverse its declining trend.

Caricom states which have not yet taken action to implement the increase in import duties agreed in Nassau on a number of items imported from third countries have agreed to do so by June 1, 1985.

At last July's Caricom heads of government summit in Nassau, member states had agreed to implement this and certain other measures by January 1, 1985. However, a number of difficulties had arisen over the past year, and ministers attending the council meeting therefore agreed to extend the implementation by five months.

At the same time, they have given special consideration to St Vincent and the Grenadines, and Belize, extending the implementation date, beyond that for other members, because both have reported particular problems that have to be overcome, before they could satisfy this requirement.

The ministers have agreed to specific variations in the qualifying conditions under the origin rules for certain products that are produced in the Lesser Developed Countries (LDC's). The implication of this is that the LDC's now must achieve a deeper level of processing for the products concerned, if they are to qualify for duty-free treatment within Caricom.

The Caricom ministers also agreed to eliminate the tariffs maintained on certain products, when they are imported from the More Developed Countries (MDC's).

The Treaty of Chaguaramas that set up Caricom in 1973 had allowed the tariffs to be imposed for a stipulated period. The period had passed, and the Caricom LDC members have now agreed to comply with the removal of these tariff barriers against goods imported from the MDC's, which could make the prices of these products more attractive.

Caricom states also agreed to respect the requirement that there should be no barriers to their trade in the form of quantitative restriction. Some of the measures adopted by the members to help free-up trade within the region include securing agreement for the use of lines of credit to support intra-regional trade.

Over and above all the several specific measures comprising the Nassau package, Caricom countries are still committed to giving preference to regional sources whenever obtaining supplies of a particular list of products.

The action taken in the words of the secretary general will create or improve the framework in Caricom, within which trade can be handled most competitively. We will be able to do well, he continued; those who are not so well will be encouraged to improve their competitiveness.

The council meeting discussed at length new arrangements recommended by agriculture ministers for the marketing of primary agricultural products and livestock produced in the region.

[FL061516] These arrangements included a selection of high priority commodities for free trade within the Caribbean, as well as protective measures for regional production.

The ministers agreed on a number of issues and approved a list of commodities--the list was not publicised--earmarked for free trade in the region. Other issues will be referred back to the ministers of agriculture for further consideration.

The adverse effect of falling Caricom sugar export levels also went before the ministerial session.

The United States has agreed to a regional quota arrangement for Caricom exporters, whereby individual country shortfalls can be reallocated among the remaining producers. But this arrangement has been accompanied by a large decline in the U.S. overall import quota, and consequently in the Caricom quota.

Secretariat officials here said declining trends in U.S. sugar imports, associated with domestic industry problems and the increasing use of High Fructose Corn Syrup (HFCS), had convinced Caricom states of the necessity of carefully monitoring the trends in this market.

It was agreed that the secretariat, in collaboration with the Sugar Association of the Caribbean (SAC), would work out a longer-term approach to this market.

The ministers agreed to an increase in the price of copra, crude coconut oil, and refined coconut oil, traded within the region. They also agreed in certain (undisclosed) proposals in respect of the export of crude and refined coconut oil, for a specified period.

With respect to the report of the investigative commission on the garment industry, the council agreed to specific action to put the troubled industry on a better footing.

Delegates agreed to establish a textile and garment advisory committee, which would have responsibility for developing proposals in such areas as protection, marketing, and technical assistance for the industry. Thus, the committee would serve as an advisory body for the Common Market Council on matters affecting the industry.

The Caricom ministers felt a need for carefully examining the new Lome convention, and instructed the secretariat to further study the outcome of the negotiations, so that the best possible advantage could accrue to member states from these negotiations.

In this connection, they fully supported the candidature of West Indian Edwin Carrington for the post of secretary general of the ACP (African Caribbean and Pacific) Council of Ministers.

The efforts of the Caricom ministers at reaching consensus on a number of issues could well be summed up in the words of Montserrat Chief Minister John Osborne, in his opening speech: It is my view that Caricom has established itself as an effective vehicle for sociopolitical and economic development. But this requires continued demonstration of political good will and compromise on the part of all. This should consequently be manifested in greater efforts to honour commitments and attempts to implement, at the national level, decisions taken at regional fora. Only by so doing can we maintain our credibility in the eyes of the region and the international community.

CSO: 3298/650

13 June 1985

INTER-AMERICAN AFFAIRS

BRIEFS

PERU, ARGENTINA TRADE TALKS--The negotiations held in Buenos Aires affecting short-term trade agreements with Argentina are considered successful. This was stated by Dr Rafael Villegas Cerro, president of the Peruvian-Argentinian Chamber of Commerce. He said that the Peruvian delegation, headed by Felipe Reategui, had to get around some protectionist measures adopted by the Argentine Government. Nevertheless, the negotiations took place in a cordial atmosphere, and preferential tariff rates were maintained for various products. Among these products might be mentioned alpaca yarn, textiles made with alpaca yarn, cotton yarn and textiles, rugs, etc. In the timber sector preferential tariffs were increased: up to 70 percent for varieties on which negotiations had previously been held, such as cedar. New preferential tariffs were agreed on, affecting up to 2 million cubic feet of new types of lumber, such as mahogany and copaiba. In other sectors some preferential tariffs were agreed on, affecting canned foods, and new concessions were obtained on mineral products and on a substantial amount, 3 million square meters of PVC insulating and adhesive tape. By agreement between the two countries Peru withdrew previous concessions on products such as paper, printing machinery, peaches preserved in syrup, and other items. The way was cleared for trade in jute cloth and concentrated grape must. Doctor Villegas stated that complete, detailed information will very shortly be available to the members of the Peruvian-Argentinian Chamber of Commerce. Finally, he mentioned that the preparation of a regulation had begun, dealing with mechanisms for countertrading for barter trade between the two countries. This will be presented to the two governments in the next few months. He indicated that very effective cooperation had been obtained from FOPEX in Peru and from trade bodies in Argentina. [Text] [Lima EL COMERCIO in Spanish 26 Apr 85 p A-15] 5170

CSO: 3348/650

BARBADOS

PARTIES IN PRE-ELECTION MANEUVERING; CANDIDATES NAMED

St Thomas By-Election

Bridgetown SUNDAY SUN in English 14 Apr 85 p 1

[Text]

PRIME MINISTER Bernard St. John has hinted that the St. Thomas by-election is just around the corner.

"We will have a little trial match in St. Thomas. I will not keep you in suspense for too long," he told a packed Bay Primary School Hall of party supporters, last Thursday. The meeting had previously unanimously elected Lionel Craig as the nominee for St. Michael South.

The Prime Minister said: "Already I see evidence that you want to start and to show the other side that the Labour Party is still ready and willing."

He said the courageous decision by Mr. Craig to contest that seat will go down in history as one of the greatest political decisions ever taken by any man.

Touching on the Transport Levy and the \$19 million allegedly unaccounted for, Mr. St. John

stressed that the Leader of the Opposition was the guardian of the public expenditure in Barbados.

"Now if he had evidence that that \$19 million was unaccounted for, go and tell the Director of Public Prosecutions. The Labour Party in its nine years in office had never condoned the wrong doings on the part of anybody at all."

He said the Government had told the people that it had to keep the level of public expenditure going during the recession contrary to calls from the opposition to do otherwise. He said the levy which covered training, transport and health, was a new form of public financing.

He said: "We are going to have a four-lane highway and between this junction there will be a roundabout to stop the traffic from being congested as it is."

Bridgetown BARBADOS ADVOCATE in English 16 Apr 85 p 1

[Text]

Opposition spokesman on Finance and Planning Dr. Richie Haynes has said that one of the key elements of his party's programme for economic reconstruction will be the drastic reduction of the tax burden on individuals and corporations.

In a press statement, Dr. Haynes said that one of the main factors contributing to economic stagnation in Barbados was the high level of transfers from individuals and corporate citizens to a mismanaged and ever-expanding public sector whose appetite for the money of taxpayers was insatiable.

He charged that while the public sector had been starved of funds, Government had squandered millions of dollars in mismanaged or ill-conceived ventures.

"The initiative, savings, and investment capacities of our citizens have been stifled; they are being pauperised by taxation, while the Government extracts every cent it can and squanders a substantial percentage of the revenue it collects," Dr. Haynes said.

He said that despite the tax burden, unprecedented borrowings, and spending by Government, the record will show that over the past four years there had been a contraction in economic output, high job losses even in the public sector, a progressive deterioration in the social services and

business failures never seen before in this country.

Quite clearly, an alternative path of development must be pursued and it is the intention of the Democratic Labour Party to do this," Dr. Haynes said.

He charged that Government had presided over the bankruptcy of the sugar industry, the virtual collapse of the non-enclave sector of the manufacturing industry, stagnation in the building industry, a decline in tourism, and the bankruptcy of a major financial institution. He said Government measured its success by its ability to borrow money, invest in "bricks and mortar," and indulge in public investments, almost all of which have lost and will continue to lose millions of dollars annually.

Dr. Haynes contended that Government now proposed "to purchase" about 200 temporary jobs with approximately \$187 million, most of it borrowed, to finance its pre-election capital programme. His party, he said, was determined to put an end to that, warning that if allowed to continue it could further put the country into economic stagnation from which it will not be able to extricate itself.

He said his party will reduce taxation, stop losses, restructure the pattern of public expenditure, and put the economy back on the path of sustained economic growth of not less than three per cent.

BLP Nominees for St James

Bridgetown SUNDAY SUN in English 21 Apr 85 p 1

[Text]

IT'S FINAL. The row over who will represent the Barbados Labour Party (BLP) in the St. James North constituency in the next general election, due constitutionally in 1986, has been settled.

At a meeting of the BLP's National Executive Committee (NEC) last Thursday night, the nomination of Senator Nigel Barrow for St. James North was among four to be ratified.

The others were Leader of the House of Assembly, Lionel Craig, for St. Michael South; Minister of Education, Billie Miller, for the City and David Simmons for St. Thomas.

Senator Barrow's ratification has put an end to any hopes Dr. Waldo Waldron-Ramsay might have been entertaining of becoming the BLP's candidate for St. James North.

At Thursday night's meeting, the NEC also elected a new public relations officer. He is an

attorney, Ezra Alleyne, whose election was made in his absence.

Party sources indicated that the NEC is now awaiting Mr. Alleyne's letter of acceptance.

A "yes" is expected from Mr. Alleyne, since on a previous occasion he had been nominated for PRO, but had been narrowly beaten by the incumbent, Dr. Waldron-Ramsay.

According to a source, a resolution was proposed by Miss Miller calling for the expulsion of Dr. Waldron-Ramsay from the NEC and his automatic dismissal from the role of PRO.

Following the ballot and the announcement of the results, he made a speedy exit from Grantley Adams House.

The source said that Dr. Waldron-Ramsay drew the wrath of some members of the party last month when he announced that an NEC meeting on Thursday night, March 21, had determined that a meeting held by the St. James North branch on Wednesday, March 20 to nominate a candidate for that constituency was null and void.

Dr. Waldron-Ramsay claimed then that the procedures adopted by the branch were unconstitutional and at variance with the established procedures for these matters laid down by the NEC. He also announced then his intention to seek nomination for St. James North.

BLP Branch 'Dog-Fight'

Bridgetown BARBADOS ADVOCATE in English 22 Apr 85 p 1

[Article by Patrick Hoyos]

[Text]

The contest for the nomination to represent the Barbados Labour Party in the Christ Church West Central Constituency has turned into a dog-fight, according to two of the people seeking nomination.

Both Senator O'Brien Trotman and Mr. St. Clair Howell, who, along with Mr. Herbie Yearwood, each want to represent the constituency in the coming general elections, characterised their contest as a political dog-fight at a stormy meeting of the branch last night. Mr. Yearwood was not present at the meeting.

The row over who should be the nominee led to much argument and shouting at the meeting, held in a small classroom at Vauxhall Mixed School, after the constituency branch had elected its new officers for 1985-86.

Mr. Charles Legall, who was re-elected secretary of the constituency branch, read a letter dated April 9 from Mr. Joseph Edghill, which informed the branch that, although he expected to be nominated for the candidacy, he was withdrawing for personal and business reasons.

Mr. Legall then read a letter from Mr. St. Clair Howell, which he said was dated April 10, addressed to the branch committee, asking it to consider him for the nomination. Mr. Legall then read a third letter he said the committee had received, this time from Mr. Herbie Yearwood, also asking for the opportunity to represent the constituency at the forthcoming elections. This letter, said Mr. Legall, was dated April 13.

Senator O'Brien Trotman then told the meeting that, although he had not written to the branch committee itself, he had written to the BLP's general secretary, informing him of his interest in being the nominee to represent Christ Church West Central.

Newly-elected president of the committee, Mr. James Lynch, told Senator Trotman that it has always been the case that the constituency be informed first, not the general secretary of the party.

"If you are standing for election, no problem, but it must be done our way," Mr. James said. He held up a copy of last Wednesday's *Barbados Advocate*, which carried a story saying that Senator Trotman was seeking the constituency's nomination.

Mr. Legall read another letter, which he said was from the branch committee to the NEC, saying that the Christ Church West Central constituency branch supported Mr. Howell for the nomination. The letter, dated the day after the media announced Senator Trotman's candidacy, told the NEC that "proper procedure" and "proper decency" were being thwarted, and that there was resentment and discontent within the committee over Mr. Trotman going to the NEC first, instead of the constituency branch.

But Senator Trotman said it was wrong of the committee to write a letter to the NEC supporting Mr. Howell's candidacy when it knew of both his own and Mr. Yearwood's interest in the constituency.

In its letter to the NEC informing them of Mr. Edghill's decision not to accept the nomination, the branch committee said: "We are therefore supporting the nomination of Mr. St. Clair Howell as the only suitable candidate," and said that the nomination would take place on April 21 at Vauxhall Mixed School. The nomination was put off to a later date.

Mr. Howell told the meeting that he had seen democracy "bent and twisted and going round the corner." He rejected a suggestion made earlier from the floor that his endorsement by the branch committee, coming one day after the letter from Mr. Edghill, was a "concoction" and said that although there was a view within the party that Ministers who did not hold seats in the House of Assembly should be allowed to run before other political hopefuls, he would fight for the nomination.

"I fear no man in this room," he told the meeting.

He said the party bent the rules to serve the wishes of a small "clique," and charged that sometimes nominations sent in by letter are "sat on" for weeks while others go through without any formal correspondence.

Mr. Trotman got up to answer some of the charges he felt were being unjustly made against him, "since I seem to be on trial here," he said. He said that in the BLP's rule book there is no rule governing how candidates are to be nominated. He said that the St. Michael West Central branch has not met for two years, yet suddenly sprang into action the day after it received Mr. Edghill's letter.

Another BLP Row

Bridgetown DAILY NATION in English 23 Apr 85 p 24

[Text]

ANOTHER ROW seems to be brewing in the ranks of the ruling Barbados Labour Party (BLP) over the selection of candidates to contest the forthcoming general elections.

This time it is in the St. Michael North West constituency — a seat currently held by pharmacist, Mr. Lawson Weekes, of the Opposition Democratic Labour Party (DLP).

On the BLP branch's nomination day, which is expected to be May 1 at the Deacons Primary School, three names are likely to be on the ballot — Mr. Charlie Hinds, Mr. Jimmy Straker and Senator John Williams.

The three men told the **DAILY NATION** yesterday that they would be offering themselves as candidates for nomination to represent the party in the elections.

However, both Mr. Straker and Senator Williams said that there would be no "political fight" over the selection of a nominee.

This was in reference to a report in another section of the Press yesterday on a reportedly stormy meeting of the party's Christ Church West Central constituency branch last Sunday night at which the names of three men — Senator O'Brien Trotman, Mr. St. Clair Howell and Senator Herbie Yearwood — were put forward seeking the nomination to contest the seat held by attorney-at-law, Mr. Maurice King, of the Opposition DLP.

That row came hard on the heels of the dispute between Information Minister, Senator Nigel Barrow and former BLP Public Relations Officer (PRO), Dr. Waldo Waldron-Ramsay, over the nomination for the St. James North constituency.

Last Thursday night, Senator Barrow's nomination was ratified by the party's National Executive Council (NEC), its highest decision-making body.

The NEC also relieved Dr. Waldron-Ramsay of his post of PRO and he was removed from that body but remains a member of the party.

Two of the candidates who will be seeking the St. Michael North West constituency nomination played down suggestions that the May 1 meeting would be controversial.

"I am a prospective candidate for the nomination", Senator Williams said. "I have informed both the branch and the party that I would be offering myself for the nomination and that is the only comment I have to make."

Mr. Straker, who had indicated his interest in the seat for the 1981 general elections, only to make way for attorney-at-law, Mr. Tony Reece, who was unsuccessful, said it was definite he would be offering himself for the nomination and had informed the branch since 1982.

"All three of us have been cooperating with each other and canvassing the constituency," he said. "We are all civilised human beings and the best man will win."

Mr. Hinds declined to comment on the situation, responding with a terse: "Yes", when asked to confirm that he would be seeking the nomination.

St Philip BLP Choice

Bridgetown BARBADOS ADVOCATE in English 27 Apr 85 p 1

[Text]

Mr. George Griffith is favoured by the BLP's St. Philip North Constituency to be the party's candidate for that constituency in the next general elections. The seat is now held by the DLP's Warwick Franklin.

A source in the BLP St. Philip North branch has reported that that constituency has written the NEC of the BLP expressing unanimous support for Mr. Griffith and seeking an early date for his nomination.

The branch also voted Mr. Griffith as its president in a landslide, with his opponent, Mr. Patrick

Wilkerson, getting less than six votes.

It has also been stated that Senator David Simmons, who formerly represented the constituency, and who is the BLP's candidate in the upcoming St. Thomas by-election, has stated that, in the present circumstances, he would be supporting Mr. Griffith as apposed to Mr. Wilkerson.

When contacted, Mr. Griffith stated that he was aware that there was support for him in the constituency. He said that he did not know if he would be nominated

Denial of BLP Divisions

Bridgetown SUNDAY SUN in English 28 Apr 85 p 3

[Text]

RUMOURS OF DISORDER within the Barbados Labour Party were denied yesterday by BLP chairman, Dr. Johnny Cheltenham, who said it was "utter nonsense".

He added that the headline which appeared in another section of the media last Monday with the expression "dog-fight" relating to a meeting of the Christ Church West Central branch of the party, was "unfortunate and ill-chosen".

He said: "I think that nothing in the body of the story supported the use of that expression."

Dr. Cheltenham explained: "With 21 of the 27 seats settled and the well-known procedure for candidate selection in place, I cannot support the view of disorder in the processing. I concede, however, that we have many more prospective candidates and able and worthy persons than constituencies.

"But that is a good thing and points to the appeal of the party. It is natural to have contest at the primary level as it were, in

any democratically functioning party. This is not the first time it has happened and I dare say it will not be the last time."

As far as the recent publicity being given to various constituency nominations is concerned, Dr. Cheltenham said: "The candidate selection or nomination process at the constituency level is essentially domestic party business. It is not normal for the Press to be involved."

He added: "The Press has somehow got involved in one or two of the nominations on this occasion and therein is the basis of much of the public misunderstanding which we are now experiencing."

To a question as to whether there were rules governing nomination and candidate selection, Dr. Cheltenham said: "Yes there are rules many of them are unwritten and represent the practice and experience of the party over many years.

"Within the last week, however, I chaired a small committee that reduced our ex-

perience to writing and particularly addressed some of the issues that surfaced recently.

"It may be said that there are now rules in existence about the nomination process and already these have been communicated to every prospective candidate and constituency branch."

Asked whether there was any scope for the discretion of the party leadership in the candidate selection process, Dr. Cheltenham replied: "Much as the voice of the people at the constituency level is given great weight in the Barbados Labour Party, there is a selection committee known as the screening committee. It is chaired by our political leader, H.B. St. John, and has on it Miss Billie Miller and Mr. Henry Forde.

"That committee does represent the residuary discretion of the party leadership in candidate selection and there will be no further nominations at the constituency branch level until that committee meets. A meeting is expected shortly."

Analysis of Party Differences

Bridgetown SUNDAY ADVOCATE in English 28 Apr 85 p 4

[Article by Henry Christopher]

[Text]

RECENT newspaper headlines have screamed "St. James North Row", "Political Dog Fight" and "B.L.P. Candidates Tussle" to describe contests by multiple B.L.P. candidates for nominations in a number of constituencies.

But contrary to what some people would have us believe, the situations of which those headlines are representative do not in any way mean that the ruling Barbados Labour Party (B.L.P.) has become engulfed in internal wrangling as has been the case now for several years with the Opposition Democratic Labour Party (D.L.P.).

For there is a more important distinction between the competition among the BLP's potential election candidates and the D.L.P.'s infighting that has it bitterly divided and disunited.

The difference between the states of affairs with the two political parties is this. In the case of the D.L.P. what is transpiring is a struggle to the political death for the LEADERSHIP of that organisation. This means that the D.L.P.'s hierarchy and leadership are embroiled in the distasteful goings on to the extent that serious proposals are being made for a system of joint leadership as a possible way out of the leadership scramble.

For a system of joint leadership to be even discussed far less considered by the D.L.P. is a strong reflection of the desperation that has apparently seized that party. Joint leadership is even more dangerous for the D.L.P. and more importantly Barbados, than what happened in St. Lucia, as the murderous event in Grenada in October 1983 will show.

However, as far as the B.L.P. is concerned, nothing even remotely connected to events within the D.L.P. is taking place. And so, it does not in even the slightest way involve or affect the leadership of the B.L.P. and by association the membership of the Government which is to a large extent formed out of the leadership of the B.L.P. as the governing party.

So, that, there is no question at all of the leadership of the B.L.P., and by extension leadership of the Government, being undermined or in danger. Prime Minister Bernard St. John is still the unquestioned and unchallenged Political and Parliamentary Leader of the B.L.P. Nothing has happened since he assumed office on March 11 in the well known tragic circumstances to have brought his command over the B.L.P. and the Government into question.

Thus those who have grown to feel secure under the strong and unified leadership of the B.L.P. since 1976 have nothing to fear. There is no likelihood of any intra-party battle threatening to endanger the progress, prosperity and development that Barbados has enjoyed since the B.L.P. ousted the D.L.P. from Government through the ballot box since September 2, 1976.

Nevertheless, some analysis needs to be applied to the current strivings by a number of potential candidates to represent the B.L.P. at the polls at the next General Elections, so as to put the anxieties and fears of some to rest once and for all.

What the public is reading and hearing about in relation to these constituencies is the openness of the B.L.P.'s system that allows any of its members to harbour the dream of representing the party at the polls at election time. As a matter of fact, the tradition and atmosphere within the B.L.P. positively encourages its members to see themselves as potential candidates and to set about seeking to achieve this objective.

For the B.L.P. does not practise any sort of snobbery which holds that only "certain types" of persons can be candidates and so actively set out from early to discourage or prevent those who so see themselves from at least making an attempt.

The B.L.P. strongly believes that the same openness, freedom and democracy that it holds is the right of every Barbadian citizen under it as a

Government, should also be enjoyed among its members at the level of the party.

In addition, the B.L.P. sees the experience would-be candidates gain in their attempts to win the nominations of constituency branches, provides them with good and useful on-the-ground and practical lessons that can serve them in good stead in the future. The activities involve help to harden, mature and sharpen the political skills and instincts of some of the contestants who can most likely be of service to the party on future and bigger occasions.

One such "graduate" of this process is Barbados' present Prime Minister and the B.L.P.'s incumbent Political Leader, Bernard St. John.

Not many people probably remember that in 1961 Mr. St. John failed in his strong bid to be one of the B.L.P.'s candidates in Christ Church in the General Elections of that year.

But the lessons he learned and the experience he acquired, undoubtedly helped to make Prime Minister St. John the redoubtable fighter he is widely regarded as being. Mr. St. John bounced back in 1966 to win the branch's nomination and he won one of the Christ Church seats under the double member constituency system that still obtained then. His ability to fight also stood him in good stead

after he lost his seat in the House of Assembly in 1971, only to return to that Chamber in 1976 as Deputy Prime Minister and recently becoming Prime Minister.

Partly responsible for this spate of multiple potential candidates is a "problem" which the D.L.P. would like to have. This stems from the B.L.P.'s continued ability to attract young and talented people to its ranks many of whom soon see themselves as potential candidates.

Ironically enough, this pleasant B.L.P. "problem" does not solely exist in what might be deemed as "safe" B.L.P. seats as might at first be imagined would be the case. Rather in two of the present instances seats now held by the D.L.P. are involved. So strong is this tradition of belief in self within the B.L.P., that there are a number of potential candidates expressing their interest and intentions to win the B.L.P.'s nomination for the constituency of St. John against the might of former Prime Minister Errol Barrow.

It is this adherence to openness and democracy that has always distinguished the B.L.P. from the D.L.P. and has helped to make it the viable and united party it is today. As a result too Barbados is a better off place today. May it always be so.

Campaign Plans

Bridgetown BARBADOS ADVOCATE in English 1 May 85 p 1

[Text]

Campaigning for the May 23 St. Thomas by-election is expected to move into top gear this weekend with both parties fielding candidates expected to begin their political mass meetings.

Senator David Simmons Q.C. will be contesting the election for the ruling Barbados Labour Party (BLP) while Mr. Junior Rock, a sales representative, will be the Opposition Democratic Labour Party's candidate.

House to house campaigning is already well under way with both the DLP and BLP wooing constituents throughout the constituency.

The by-election has been called to fill the vacancy created by the death of the late Prime Minister Tom Adams who was parliamentary representative for the constituency. He held the seat from 1966 and was the sole representative under single member representation from 1971.

This by-election will be the first under the recently appointed Electoral and Boundaries Commission. The Returning Officer is Mr. Alfred Trotman while Mr. Keith Holder is Election Clerk.

The revised Registrar of Electors is to be published today and will be available for inspection at Holy Innocents Mixed School; the Community Centre, Rock Hall; and the Welch's Mixed School. The old list contained some 7 473 registered voters.

A BLP official said yesterday that the party was very serious about this campaign and the "high strategy," which was successfully employed in the 1976

by-elections in St. Philip North and the City, would be re-employed for this by-election. The

The BLP is expected to make an announcement over the weekend about plans for political meetings.

However, like the BLP, the Opposition party has its most senior members already in the field and is expected to announce by Friday when and where its first meeting will be held.

for a number of years, and was deeply involved in the last two general elections in St. Thomas.

The BLP last year accomplished the rare feat of a party in power losing and then winning a by-election when its candidate, Mr. Owen Arthur, captured the St. Peter constituency, after the by-election was held a second time as a result of a court ruling.



PPM Position

Bridgetown BARBADOS ADVOCATE in English 1 May 85 p 2

[Text]

The small but vocal Peoples Pressure Movement (PPM) led by Mr. Eric Sealy is backing the Opposition Democratic Labour Party (DLP) candidate Mr. Junior Rock in the May 23 St. Thomas by-election.

Mr. Sealy said his party decided on this after looking at the significance and relevance of the by-election in relation to the general election.

CSO: 3298/682

BARBADOS

DETAILS ON PROGRAM OF NEW WORKERS' PARTY REPORTED

Leader's Comments

Bridgetown BARBADOS ADVOCATE in English 29-30 Apr 85 p 4

[Article by Leonard Shorey]

[Text]

The recent Ellis and Company interview with Dr. George Belle and Mr. Ricky Parris about the proposed Workers' Party was a very revealing exercise. Since political parties are important in Barbados it is worthwhile examining the interview for clues as to what the Party stands for, how its officers expect it to function, and what their own perceptions are.

In stating the MONALI case for presenting a new political party Dr. Belle, as its General Secretary, repeatedly stated that the new Party was primarily concerned with promoting the interests of "the working class." Since every political party seeking public support inevitably claims to be working in the interests of "the people" or "the masses" the new party, in that respect, is no different from others.

In the same interview Mr. Parris stated that the Party "must be able to respond to their (people's) social and economic crises and their problems and give them the political and ideological guidance that is necessary." For this reason, also, a careful consideration of the comments made during the interview can be expected to yield significant insights as to the kind of "political and ideological guidance" the leaders of the Party are likely to give.

In his presentation Dr. Belle further contended that the new party was a democratic one, operating on the principles of what he termed

"democratic centralism". This, he appeared to think, made it more democratic than other democratic organisations.

However, a review of the interview leaves one with a feeling of *deja vu* (I've seen-heard it all already) or, at best, with deep discomfort because of the vagueness of replies and even contradictory statements made in response to specific questions. Indeed, the new Party must have been very embarrassed by the performance of its representatives during the interview.

Dr. Belle expressed the view that the Party felt it had found a very useful "tool" to achieve what its leaders had in mind. On being questioned he defined this "tool" as "materialist dialectics" which, he said, was "concerned with a particular understanding of society which sees the struggle of groups and classes historically, a method which understands what actually goes on in society." (Writer's Note: Other methods, of course, also lead to an understanding of what goes on in society) "and that in society people engage in struggle between (sic) each other". This and more of the same was essentially his response to a request for an explanation of how his party proposed to go about achieving its objectives. There was also the peculiar use of "progressive" with the implication of "with a leftist orientation."

One of the most striking features of the responses was a marked wooliness and evasiveness that can be illustrated by quoting from the interview:

Q: "I want to ask you straight. Is the party a communist party, a Marxist party, a democratic party, or what?"

A: "The party is a democratic party, organised on the principles of democratic centralism. We have no problem with saying that we will fight as Marxist-Leninists, that dialectical materialism is the methodology we will use to carry forward our struggle. The question of answering people when they use slogans such as whether you are a communist, or a Marxist etc., is that I am not sure that the people that are asking the question know what they are asking, but the things that you understand by communism I don't certainly understand by that..."

As is evident from the preceding Dr. Belle claimed that the party was democratic, indicated that it would "fight as Marxist-Leninist" but abruptly started to hedge as to whether it was communist.

Using a lot of verbiage he took refuge behind possible differences in interpretation of the word "communism" — and carefully avoided answering the question. But interpretations of "democracy" are at least as numerous as are interpretations of "communism" so one must wonder why Dr. Belle could not answer this quite straightforward question: "Is the party a communist party?"

Failure to answer this simple question must inevitably lead one to wonder why he did not or could not give a "straight" answer to this part of the question just as he was able to answer other parts of the same question without any hesitation.

But this was not the only case in which he appeared to have the greatest difficulty both in understanding even the simplest of questions and in answering them in a reasonably convincing manner. Nor was it always clear whether the difficulty stemmed from lack of a

clearly defined party position or from Dr. Belle's own inadequacies and inability to respond clearly and convincingly.

The following extracts serve to illustrate Dr. Belle's difficulties and evasiveness:

Q: What happens to the owners of capital? What is your attitude towards those people?"

A: The attitude towards the owners of capital? I am not a Minister of Government. I can't carry out any policy or anything like that. I am telling you that is the kind of question that you put to a Minister of Government.

Q: So you refuse to answer the question then? What is your attitude?"

A: "Course not, I am getting there, getting there."

Q: "Will you please go ahead and answer it?"

A: "You have to be more specific all the time."

Q: "I want to know what is going to be the policy and attitude of the Workers' Party towards the people who own property. You have spoken about organising the workers, but you have said nothing whatsoever about what you will do with people who own land, who own property, who own capital in Barbados."

A: "...We are certainly for the redistribution of resources and for the use of resources on behalf of the majority of the society, our policies will certainly be directed at reshaping the imbalance."

How unenlightening!! A glib, vague promise of change without even a passing reference to what the Party would mean by "reshaping the imbalance" and, even more significantly, not a word to indicate what this "reshaping" would mean in real life terms. This glossing over of important details was disappointing since it is precisely details such as these which any party must be prepared to give if it wishes to be credible to an intelligent and thinking public in Barbados. Moreover, even this response, vague as it was, was extracted only after long hedging, as the quotations above quite clearly indicate.

Part Two of this article continues its examination of the interview in which Dr. George Belle and Mr. Ricky Parris were questioned about the Workers' Party of which Dr. Belle is General Secretary.

Another remarkable thing about the interview was the apparent level of ignorance on matters about which a "political scientist" would reasonably have been expected to have certain kinds of knowledge.

This lacuna, this lack of knowledge, is very evident in the following statement:

"I am a Bajan, I know the Barbadian problems and I can deal with them and that is what I been (sic) talking about all the time. All this thing (sic) about Siberia and the Berlin Wall, I don't know them (sic) things. I don't know them. I don't know why Barbadians should be concerning themselves with that. I am concerned about Speightstown, and St. Lucy ... I don't know anything about Siberia."

It is very hard to believe that the General Secretary of a party willing "to fight as Marxist-Leninists" would know nothing about the Berlin Wall and related matters. When the General Secretary also acknowledges that he is a political scientist but claims that he knows nothing about "the Berlin Wall (and) ... them things" one must be either amazed or amused.

It is nonetheless instructive to consider the implications of his statement that "I don't know why Barbadians should be concerning themselves with that."

A number of ripostes, or answers, can be made on this matter for the enlightenment of Dr. Belle, but time and space permit only limited comment at this point. The first and most important point to be made is that the Berlin Wall has both political and ideological significance. It typifies as dramatically as anything else the enormous difference between Western-type democracies like West Germany and communist countries such as East Germany.

It is strange that Dr. Belle could not tell us that the Berlin Wall was built by the East German Government to imprison its citizens inside East Germany and to prevent them escaping to West Germany. Despite this preventive measure tens of thousands of East Germans have risked their lives to escape from communist East Germany — and leftist governments and leftist parties have never been able to provide a satisfactory explanation for this astonishing fact. As the saying goes these people "voted with their feet" in startlingly large numbers and at great personal risk of being gunned down by guards in the watch towers on the East German side.

It is, indeed, all but incredible that the General Secretary of the new Workers' Party should be unaware of all this, and it is all the more surprising since, by his own admission, he is a political scientist. Yet, also by his own admission, "All this thing about Siberia and the Berlin wall ... I don't know them things. I don't know them."

Not only did Dr. Belle claim to know nothing about such matters, but he also saw no reason why Barbadians should be interested in them. "I don't know why Barbadians should be concerning themselves with that." His concern, he said, was for Speightstown and St. Lucy. Of course Dr. Belle and his Party are not the only ones concerned about Speightstown and St. Lucy, as the other parties in the island can well attest.

Yet only a little thought would be needed to indicate just why such matters as the Berlin wall were, are and ought to be important to Barbadians, despite the limited perceptions of Dr. Belle. The Berlin wall (and all that it

stands for) is a reflection of a certain kind of political and ideological orientation, broadly categorized as "leftist."

We in Barbados have had relatively close contact with such a Government in nearby Grenada, and there remains the Cuban situation which we would be very unwise to forget. When, therefore, a new party promotes itself as having a Marxist-Leninist orientation, we have every reason and every right to concern ourselves with the behaviour of governments known to be of the same ilk. For study of their behaviour may give us clues as to what we might expect were such a party (God forbid!!) to gain power in Barbados.

One can only despair at the state of affairs evident in Dr. Belle's admission of ignorance and in his inability to perceive just why Barbadians should concern themselves with "the Berlin wall" and "them things". One must hope that Dr. Belle will seek to broaden his own political knowledge and understanding by doing some serious reading and study about the Berlin wall, its antecedents, and what it connotes, for who knows when a student may ask a searching question on this matter? Finally, a political scientist who claims to know nothing about Siberia can only evoke one's sympathy, and compassion.

A particularly revealing aspect of the interview was Dr. Belle's comment and response on the matter of access to the media. He at first made an impassioned plea for equal access, by all parties, without restriction. The following quotation needs to be read in its entirety as a prelude to a statement he subsequently made in the same interview.

Dr. Belle: "The Workers' Party is demanding that a policy of equal access to the media for all political parties becomes the practice. We consider that a greater freedom of use of the media by political organisations is the way to go forward ..." (my emphasis)

However, towards the end of the interview Mr. Ellis posed a question which again clearly knocked Dr. Belle for a loop: "What is the attitude of the proposed Workers' Party, or what would it be towards what you refer to as 'reactionary' views? Would they get the same type of air play as, let us say, the 'progressive' views that you espouse?"

The answer was: "The people know me. I grew up with them in school. I went to the same schools as them (sic) ... and these things will also affect us in our policy making, and we will deal with people who are different from us in that way. (My emphasis) We will have to accommodate the expectations and the culture of Barbados."

Clearly this does not answer the quite specific question asked: "Would they ('reactionary parties') get the same type of air play as, let us say, the 'progressive' views that you espouse?" But one must still wonder whether Dr. Belle would like to have this comment interpreted as "yes" or "no". Perhaps one should toss a coin: "Heads—Yes; Tails—No". The reply he gave would get no marks for clarity but it would serve as an excellent example of a "non-answer".

What must not be overlooked is that in his statement previously quoted Dr. Belle had argued strongly for "a policy of equal access to the media for all political parties ..." Yet when asked what the policy of his own party would be with respect to "reactionary" parties his "answer" includes the significant comment "we will deal with the people who are different from us in that way". These critical words need to be borne in mind as

pointing quite clearly to the kind of policy such a party could be expected to implement if Barbadians were ever so foolish as to entrust such a party with the government of the country.

But the kind of comment made on this point by Dr. Belle is not really surprising. The writer knows of no leftist government which allows freedom of the press; he knows of no Marxist-Leninist party which allows such freedom or indicates willingness to allow it, and he knows of no communist country in which freedom of the press even exists.

Against this background of behaviours repeatedly demonstrated by leftist parties and leftist governments Dr. Belle's statement dispels no fears, but actually creates them so far as his Workers' Party with its Marxist-Leninist orientation is concerned.

Let me turn now to yet other aspects of the interview. Apart from highly questionable and entirely unsupported statements such as "The parties and organisations of the working class are always against violence," there was the matter of being "revolutionary".

Statements by Dr. Belle on this matter were perhaps the most surprising of all for, unbelievable as it may at first appear, he actually contradicted himself as the following will clearly show.

In response to a previous question Dr. Belle had stated: "What we as revolutionaries" would be (sic) that we are not afraid of violence." (My emphasis) Most people would have interpreted his statement as indicating that he considered himself a revolutionary. But clearly Dr. Belle was himself not quite certain, just what he was or is. For later in the interview Mr. Ellis made the point to him that "You are the ones who call yourselves revolutionary."

To this Dr. Belle made the astonishing and self-contradictory reply: "We do not, we just use the word for convenience. I mean revolutionary means a significant transformation of society, you know. But you like the word revolutionary; push it all over the place and all that, but I have no apologies for saying that I am a revolutionary, all the same." (My emphasis)

If one were involved in teaching people how to misuse language so as to confuse and to mislead, this statement by Dr. Belle would be an excellent example for such a purpose. Language, however is more appropriately used to clarify and enlighten rather than to confuse, or mislead.

In any case the Barbadian public would certainly need to know whether there are other words which Dr. Belle used "for convenience". And in the light of that astonishing statement one must seriously wonder just how much trust can be placed in what he said, for who knows how much of it was said "for convenience"?

As indicated previously, this interview was a particularly revealing one and it possibly "gave away" much more than the interviewees intended. The writer certainly does NOT share the political views expressed by Dr. Belle or by his fellow party member, Mr. Parris, but he nonetheless expected them to give a better account of themselves, and of their party.

As it was the image they projected is not one of which they are likely to be proud. Despite their declared intention to promote the interests of the "workers", the evasiveness, imprecision, inconsistency, self-contradiction and glaring lack of basic political and historical knowledge, showed them up in very bad light. The interview was both disappointing and depressing.

Inaugural Ceremony

Bridgetown WEEKEND NATION in English 3-4 May 85 p 4

[Text]

THE PROGRAMME for the launching of the new Workers' Party of Barbados (WPB) was seriously disrupted with problems, Dr. George Belle, the party's general secretary, told the launching ceremony Wednesday night.

Dr. Belle likened the venue for the launching ceremony — the canteen of the National Union of Public Workers (NUPW) at Dalkeith Road, St. Michael — to a stable, which is written about in the "Good Book".

The general secretary noted that the Blessed Virgin Mary had travelled to Bethlehem but could find no place in the inn, but the baby was still born.

"The Workers Party of Barbados is here and is born," he told the audience that numbered just under 200.

Dr. Belle spoke about the problems and their significance as they faced the new party.

WPB's organising secretary, Ricky Parris, earlier said they had made arrangements for the launching at the Black Rock Cultural Centre since April 3, and this was in accordance with a contract which was drawn up.

He said the Movement for National Liberation (MONALI), which was forerunner of the party, had used the centre since 1976 on numerous occasions for political purposes.

Mr. Parris added: "We found it very strange that on Friday, last week, we were called by the director of that centre. He delivered a most stinging message telling us that the Black

Rock Cultural Centre is no longer available for political purposes.

"It struck a serious wedge in our administration and organisation of this event (the launching)," Mr. Parris said.

Dr. Belle said they were thankful for what the Black Rock Cultural Centre had done for them over the years, but they were worried to see the pressures being placed to see that the WPB was not born.

Because of that, he said, they thought of holding a public meeting as close to the cultural centre as possible; or in a working class area like Haynesville, St. James.

Then they tried for the auditorium of the NUPW, "only to find tonight that we are placed in a stable and that we could not get the auditorium," Dr. Belle said.

That, he went on, necessitated further re-shaping of the launching programme. "But I think it is very successful all the same," he said.

About the pressures, he said: "They make us stronger, not weaker. And we become more determined with what we are planning to do."

Referring to what he described as another ideological attack in another section of the media, Dr. Belle said: "If you look at the newspapers, you will feel that we are already in power."

"For the whole month of February, they were at us every day until the tragic death of Prime Minister Tom Adams. That disrupted the pressures that came down on us."

"They forgot about us for a time; but as the day for the launching came closer, they seemed to have been reminded. So the ideological attacks started back again, until tonight."

BARBADOS

UNUSUAL WEAPON FOUND IN RAID ON HOME; OWNER CHARGED

Bridgetown WEEKEND NATION in English 19-20 Apr 85 p 1

[Text]

IT WAS THE MOST UNUSUAL WEAPON police had ever found in the possession of a Barbadian.

It was a gun; but not the usual revolver or pistol that is smuggled into the country and sold under the counter.

Rather, it was the type one would expect to find in the possession of a soldier on patrol in Grenada, or taking part in war games at Paragon.

But yesterday, when Detective Station Sergeant Emerson Moore and a police party acting on a tip-off raided the home of Patrick Sealy, of Spooner's Hill, St. Michael, they found him with a specialised short-barrelled Bushmaster pistol.

Experts believe the weapon was home-made. It has a number of features including an M-16 muzzle breaker, and a "20-rounds M-16 magazine" and "receiver".

Associated with guerilla warfare, its ammunition (2.23 or 5.56 millimetre rounds) is standard with that used in an M-16 rifle.

Sealy was also found with ten rounds of the ammunition.

Concurrent

Before passing two 12-month concurrent sentences on Sealy, who pleaded guilty to the unlawful possession of the weapon, Magistrate Charles Harris, in the District "A" Magistrates' Court "A", expressed fear with the discovery.

He wondered how many other Barbadians, besides members of the Defence Force, were in possession of such weapons.

Sealy told the court he got the weapon from a Jamaican.

Mr. Harris, who found the accused guilty of unlawful possession of the unlicensed firearm and ammunition, also said it was the first time he had ever felt scared while sitting in the magistrate's chair.

On the charge of possessing the firearm, the 26-year-old labourer was sentenced to 12 months in prison.

For not having a firearm

licence, he was fined \$5 000, payable in nine months, or, alternatively he will spend 12 months in prison.

For possessing the ten rounds of ammunition, without first obtaining a permit, the accused was sentenced to six months in prison.

The sentences will run concurrently.

The accused, who pleaded guilty to all the charges, said he didn't know where the Jamaican had got the gun.

BARBADOS

TULL EXPLAINS DISAGREEMENT WITH U.S. ON NICARAGUA

Bridgetown SUNDAY SUN in English 5 May 85 p 1

[Text]

BARBADOS HAS BECOME the second Caribbean Community (CARICOM) partner to announce that it would not support the United States trade embargo against Nicaragua.

In an exclusive interview yesterday with SUNDAY SUN Editor Tony Vanterpool, Minister of Foreign Affairs, Louis Tull said: "We don't favour any form of economic pressure against a developing state."

He added: "We believe that there should be other ways of dealing with such problems in the international community. This kind of pressure puts an intolerable burden on innocent people in the community."

Less than 24 hours before Mr. Tull's statement, another pronouncement, but in a similar vein, came from Belize's Minister of Foreign Affairs, Dean Barrow, who called the embargo "ill-conceived and not justified".

Mr. Barrow was speaking to reporters before leaving Belize for St. Kitts where he will be attending a two-day meeting of CARICOM Foreign Ministers. It begins on Wednesday and Barbados will be represented by Mr. Tull.

SOLID SUPPORT

While Mr. Barrow expects the embargo to be very much an issue at that meeting, Mr. Tull was cautious not to comment on the importance, if any, that would be given to the embargo.

All Mr. Tull would say yesterday was: "It is not part of the agenda ... It is not an agenda item. But there is the possibility that it could come up."

He did, hint, however, that one item on the agenda dealt with CARICOM-Latin American relations, while another dealt with apartheid in sports.

In support of this country's action, Mr. Tull explained: "When there is a dispute between states, Barbados has always supported the idea that all reasonable diplomatic moves should be taken to resolve problems before extreme action is taken."

"We consider the application of these economic sanctions as probably premature, because there is still further room for sorting out the problems in Central America, Nicaragua."

"The countries of Central America, the Contadora Group, have come up with what we consider a workable solution to the problems in Central America and

we feel that the Contadora plans should be given a chance to work."

Mr. Tull added: "We don't think that the possibilities have been exhausted."

Asked whether it was his opinion that any trade embargo would make the situation more tense, Mr. Tull replied: "The trade embargo may only harden the resolve of the Sandinistas and drive them irrevocably away from reasoned thoughts in their dealings not only with the United States, but with non-socialist states of this hemisphere."

PREMATURE SANCTIONS

Although he would not anticipate any position that would be taken on the matter by other CARICOM states, except Belize, Mr. Tull said: "The CARICOM states have all given solid support to the Contadora process as being the most useful initiative so far to solve the problem."

"They were consistent with the positions they have taken with respect to Contadora ... they may very well feel that the action of the United States in applying economic sanctions at this time is premature."

CSO: 3298/683

BARBADOS

ST JOHN PRESENTS FIRST BUDGET; EMPHASIS ON EMPLOYMENT

Budget Highlights

Bridgetown BARBADOS ADVOCATE in English 8 May 85 p 1

[Text]

1. Income Tax allowance for savings with Credit Unions has been increased from \$1 500 to \$1 800 annually.
2. Exempt from income tax the benefit derived by employees purchasing shares in their work place at less than the market value.
3. Effective income year 1985 contributions to the Transport and Training Levies will be allowed as deductions from assessable income.
4. 50 per cent of royalty payments received by Authors will be exempted from income tax.
5. Grant of 1 per cent of improved value of commercial properties as building allowance.
6. Losses to be allowed to be carried forward for seven years
7. An allowance of 150 per cent of expenses incurred in development of markets outside of CARICOM.
8. Investment allowance of 40 per cent in the purchase of new capital equipment for companies 10 per cent of whose sales are to extra-regional markets.
9. Maximum rebate of tax allowed on extra-regional sales increased from 50 per cent to 80 per cent.
10. Extension of withholding tax to payment for certain goods and services.
11. Stamp Duty increased from 10 per cent to 12 per cent on chargeable goods.
12. Consumption Tax on —
 - (a) Wines reduced by 50 per cent from \$5 per litre to \$2.50 per litre.
 - (b) Selected energy conservation equipment and materials removed.
13. \$32 million to be channelled into residential housing for improvements and construction.
14. Establishment of a revolving fund in the sum of \$1.0 m to finance agricultural exports.
15. Grant to Sugar Industry
16. Exemption of all lending for housing related activities including repairs and bridging loans from the limit of credit.
17. Exemption of credit for commercial vehicles, taxis, and rental cars from the limit for consumer credit.

18. Increase in limits on bank credit for distribution by 10 per cent. The remaining amount of the increase will be distributed among the banks in such a way that each bank will receive an equal dollar share.
19. Average lending rate will be reduced from 11 per cent to 10 per cent.
20. Minimum rate payable on savings deposits reduced from 5 per cent to 4 per cent.
21. Central Bank's rate for ordinary discounts reduced from 16 per cent to 13 per cent.
22. Proposed amendment of Insurance Act to include persons in the employ of brokers in the definition of "Salesman" within the content of the Insurance Act.
23. Increase in application fee for registration as an Insurance Salesman from \$30 to \$50 effective 8th May, 1985 and the annual registration fee from \$60 to \$200 or part thereof commencing in January of each year. Salesmen in employ of more than one company will pay a separate fee for each Company.
24. All pension funds approved for remittance out of Barbados shall be subject to a tax of 6 per cent effective immediately.
25. Increase in Training Levy by .25 per cent from 1st June 1985. Additional revenue of \$2 million is expected in a year.
26. Reduction of Unemployment Levy by 1 per cent effective 1st June, 1985. Revenue from this source will be reduced by \$7 million in a full year.
27. Increase in Employment Injury Benefit from 80 per cent to 90 per cent with effect from 1st June, 1985. Extension of period over which a person can draw Unemployment Benefit from 13 weeks to 26 weeks. Effective 1st June, 1985.
28. Unemployment Benefit increased from 50 per cent to 60 per cent of average insurable earnings. Effective 1st June, 1985.
29. Extension of time which must elapse before a claim of severance payment can arise extended from four weeks to thirteen consecutive weeks or a series of 16 or more weeks, of which not more than 12 are consecutive within a 26 week period. Effective 1st June, 1985.
30. Survivors Benefit payable to children extended to 21 years of age to cover children who are undergoing full-time education in approved institutions at home or abroad. Effective 1st June, 1985.
31. Payment of maternity grant on basis of male's contribution. Effective 1st June, 1985.
32. Change in licence fees for certain public service vehicles. Effective 7th May, 1985. Revenue loss approximately \$200 000.
33. Supplementary provision of \$200 000 for the Home Help Programme.

Bridgetown BARBADOS ADVOCATE in English 8 May 85 pp A-D

[Text]

Prime Minister Bernard St. John last night delivered his first Budget and during his presentation outlined measures aimed at generating employment with special emphasis on stimulating the housing sector and boasting exports on the extra-regional markets.

Following is the full text of Mr. St. John's Financial Statement and Budgetary Proposals.

"Mr. Speaker,

"The Financial Statement and Budgetary Proposals are being submitted to parliament somewhat later than usual. The normal schedule was disrupted by the tragic and untimely death of my predecessor in office.

"His presence will be missed because of his outstanding contributions to the annual budget debate. He was, as you know Sir, keenly aware of the importance of the budget, both as the principal instrument of fiscal policy, and a medium for enlightening the public on economic developments at home and abroad.

"It was in this spirit of public enlightenment, Sir, that on the 23rd April, 1985, I laid the Economic Report and Central Bank Report for 1984 before Parliament; thus giving Members more than ample opportunity to familiarise themselves with the state of the economy. I am therefore confident that our debate will be free from any recriminations about the availability of economic data, and that we will focus our attention, as we properly should, on policies to keep Barbados on the move.

INTERNATIONAL ECONOMIC DEVELOPMENTS

"Mr. Speaker, we have, in recent times, followed the convention of presenting the budgetary proposals against the background of a review of economic developments in Barbados and the wider world. In so doing, we can more clearly define the real options which concern us, as well as better understand the context within which our public policy is to take effect.

"In retrospect, 1984 was a year of mixed fortunes for the international economy. On the positive side, the world economy, spurred on by the strength of the U.S. economy, continued the recovery which began in 1983. The level of production expanded in all the major developed

countries, with increases in real output of over 5 per cent being recorded in the USA and Japan. The expansion of the European economies was more modest, as tight monetary and fiscal policies and industrial unrest slowed growth to approximately 2.5 per cent.

"Among the developing countries, an interesting pattern of growth was exhibited. The export-oriented countries which have fairly modest external debt portfolios, took full advantage of the market recovery in the industrial world, and grew on average by 4.5 per cent. By contrast, those countries, particularly in Latin America which carry a heavy debt burden and continue to practice import substitution experienced only a 2 per cent growth rate.

Ease in inflation

"Another very interesting sign during 1984 was the moderation of inflation in nearly all of the OECD countries and in many of the developing nations. In almost all of the OECD countries inflation remained in single digits, continuing the slow down of 1983. This general ease in inflationary pressure appeared to have been, in some measure, a response to the softening of oil prices in recent years. It has been observed for example that two very active components in the moderation of inflation in the U.S.A. were the continued strength of the U.S. dollar and the fall in spot price of crude oil to a five-year low. In the U.S.A. the rate of inflation was 4.2 per cent and in Britain the rate was 5.0 per cent. In Canada, West Germany and Italy the rates were also lower in 1984.

"Beyond these two features, Sir, there were hardly any other developments in the international economic environment which can be said to have been to the advantage of countries such as Barbados. In particular, the strength of the U.S.A. economy turned out to have been achieved at considerable cost. The 6.8 per cent rate of growth experienced in that country was based, to a large extent, on its fiscal deficit of US\$180 billion. The demand for funds to meet this deficit kept interest

rates high and attracted a large inflow of foreign funds to the U.S.A. The latter development served to strengthen the US dollar against all major currencies, so much so, that by the end of the year, sterling had reached a record low of US dollar 1.15. This combination of relatively

high interest rates and unstable exchange rates was, in consequence, a source of major disturbance for economies such as ourselves which depend heavily upon trade and capital inflow for growth and development.

"The recovery of the international economy was not accompanied by any appreciable improvement in commodity prices. Indeed, the price of sugar on the New York market fell by 35 per cent during the year and reached a low of US 4 cents per pound in September.

"Producers in Caribbean countries could equally take no comfort from the slump in the price of bauxite and bananas; a factor which has so affected the balance of payment of the countries concerned as to narrow the scope for increased intra-regional trade.

"Mr. Speaker, a perspective of the course of international economic events would not be complete without reference to its most distressing trend; the growth of world-wide unemployment. By the end of the year, 30 million Europeans could not find jobs. The rate of unemployment reached 15 per cent in Belgium, 11 per cent in France, 13.3 per cent in Italy and 12.9 per cent in Britain. Despite the strong growth performance of the North American economies, the level of unemployment remained high, accounting for 11.3 per cent of the labour force in Canada and 7.6 per cent in the U.S.A.

Bleak statistics

"Mr. Speaker, we would at our peril, seek to understate the significance of these bleak statistics. Unemployment is a world-wide problem. Much as we deplore its incidence, we cannot escape the realisation that it will not lend itself to easy and swift solutions. Indeed the year 1984 has shown that time honoured solutions such as high rates of growth and large public sector deficits are no longer the answers they formerly were. We must understand that much of the problem has stemmed from the pace and direction of technological change and the structural adjustments, which in turn have wrought havoc in economies across the world. Some countries have begun to make compensating adjustments to accommodate and to control the structural change which is taking place in their economies. It behoves us in the Caribbean to do likewise.

REGIONAL ECONOMIC DEVELOPMENTS

"Regional economies continued to experience very pronounced economic difficulties during 1984. There was a mild improvement in output in most countries, but this was not translated into any relief from the balance of payments and

unemployment crises which have become so very much a feature of their performance in recent years.

"In regard to sectoral activity, there was some evidence of a stimulation in activity in selected areas such as tourism, but commodity production remained under great pressure in most countries. Specifically, the sugar industry in most Caribbean countries was, at the end of the year, poised on the brink of collapse.

"The difficulties faced by regional economies expressed itself in the fact that whereas export production generally increased in volume terms, such increases occurred at a time of falling commodity prices for items such as sugar, bauxite, and oil. Moreover, the growth of tourist arrivals in most countries did not lead to a commensurate growth in tourism expenditure. As such the persistence of balance of payment disequilibria manifested in debt service and reserve management problems was very much the norm. To illustrate, the net foreign exchange reserves of Trinidad and Tobago fell by US\$893.8 in 1984 and reached their lowest level since 1978. Both the Guyana and Jamaican authorities had to reschedule their debt payments during the course of the year.

"In the face of such enormous difficulties, some regional countries resorted to expedients which worsened the climate for improved intra-regional trade. The Guyana dollar was devalued several times during the year and by December one US dollar could purchase G\$4.25 as compared to G\$3.00 in January. The exchange rate for Jamaican dollars was set by auction; and under this arrangement, it depreciated throughout the year, moving from J\$3.12 per US dollar in January to J\$4.95 in December to the US\$. The use of import licences and quotas to protect the Balance of Payments was widely used as well by our major trading partners in the region.

"In July 1984, the Heads of Government of the Caribbean Community approved the Nassau declaration which provides an agreed framework to implement a coordinated programme of structural adjustment for their respective economies. In addition, a package of measures designed to stimulate regional production and encourage more liberalised trade flows was unanimously adopted. In October, 1984, Barbados became the first country to fully implement the package. Regrettably, progress has been slow in the implementation in other Caricom countries.

"Mr. Speaker, I take no comfort from the disclosure that the economic prospects of the regional economies remain sombre. The balance of payments problems which these countries face are quite deep-rooted.

This provides a most uncomfortable environment within which intra-regional trade will be conducted. We can only hope that the severity of domestic problems will not so distract our neighbours as to draw their attention entirely away from the benefits to be realised from a joint approach to what is in the final analysis a joint Caribbean problem.

"It is against this background that I will now draw attention to the state of our public finances, and the performance and prospects of our national economy.

FINANCIAL REVIEW

"I turn now Mr. Speaker, to a general review of the domestic finances for the financial year ending 31st March, 1985.

"The current revenue for the year was originally estimated at \$596.3 million. During the month of April a number of measures were introduced with the intention of making a net contribution of approximately \$15.0 million to the revenue. However, the severe economic recession which the country experienced and from which it is now gradually recovering as well as the strength of the US dollar, naturally had a detrimental effect on the revenue performance. As a result, it was necessary during the month of October, to take further steps to bolster the revenue and additional proposals were introduced to increase revenue by a net amount of \$9.0 million.

"However, even though the various budgetary measures had some success, current revenue did not reach the anticipated target. Provisional data show that actual collections at 31st March were \$572.9 million. This represents an increase of \$31.2 million or 5.8 per cent more than revenue for the fiscal year 1983-84. Mr. Speaker, it is perhaps useful for us to note that the revenue for the financial year 1984-85 included that portion of the Health Levy which was collected between the 1st April and 11th February when the National Health Service Board Act was proclaimed. Under the terms of the National Health Service Act, a separate fund has been established and as from the date of proclamation of the above Act the receipts can no longer be paid into the Consolidated Fund.

Taxation rate

"Mr. Speaker, there are some among us who persist in misleading the members of the public by telling them that we are the most heavily taxed country in the region. It is true that our tax effort is a reasonable one when compared with other countries in the region and those in the developed world but that is not necessarily so because of high rates of taxation.

"Instead, Mr. Speaker, our economy is very highly monetized for a developing economy. Also, although there is still much more room for improvement in our tax administration our collection system is reasonably efficient. Furthermore, particularly between 1975 and 1985, in spite of our difficulties, the Gross Domestic Product of our country has increased dramatically. Indeed, per capita income in 1976 \$3,042 reached \$36,218 in 1984.

It is a combination of these factors which is responsible for the extent of our tax effort over the years. In the Financial Year 1974-75 the ratio of revenue to Gross Domestic Product was 23.4 per cent, and in 1983-84 it had risen to only 25.6 per cent. This small increase which still placed us lower than Jamaica which in 1983-84 had a tax effort of 26.6 per cent, Trinidad and Tobago where there were 31.7 per cent and Guyana with one as high as 40.5 per cent, to mention three of the more developed countries in the Caricom region, did not come about by accident but by a deliberate policy by this Government to relieve the burden of taxation in spite of increased prosperity.

"During fiscal year 1984-85 Central Government's revenue was \$572.9 million and with Gross Domestic Product at \$2,303 billion, the ratio of revenue to GDP has actually declined to 24.9 per cent and even if all of the other levies are included, the ratio is still only 29.7 per cent. Clearly, Mr. Speaker, our situation, is not yet at the stage where we can truthfully state that we are overtaxed and although it is part of our philosophy to give relief whenever possible, I must remind all concerned that it is impossible for any Government to provide the numerous services which the people require without some form of taxation, however small.

EXPENDITURE

"Current expenditure for the fiscal year 1984-85 was estimated at \$567.4 million. During the year, supplementary provisions were approved for \$43.6 million, making a total of \$611.0 million.

"Throughout the year, various steps were taken to restrain expenditure in spite of the fact that a large portion of the increased expenditure resulted from the wages settlement for the Public Servants. Provisional information at 31st March indicates that current expenditure was \$585 million. This represents an increase of \$66.2 million or 12.8 per cent. As a result of the significant increase in current expenditure and the very modest growth in revenue, the current account deficit is estimated at \$12.1 million. When the Capital Estimates were presented to Parliament last year, expenditure was

estimated at \$189.7 million. During the year, supplementary provisions of \$23.9 million were approved, making a total of \$213.6 million for capital expenditure.

"Provisional figures indicate that the year's expenditure, including net lending was \$147.6 million. As a result, the overall deficit was \$159.7 million or 6.9 per cent of the Gross Domestic Product.

PUBLIC DEBT

"Mr. Speaker, the Government is as concerned as anyone in this Chamber about the Public Debt. The Government has emphasised that it only borrows either locally or on the foreign market to finance projects which are designed to improve the productive capacity of the economy, thereby increasing employment opportunities, expanding the economic base and guaranteeing the country's ability to repay the debt. It is a fact that the Public Debt has grown over the years but so have the Gross Domestic Product, the earnings from domestic exports, including receipts from services, and consequently, our ability to service the debt.

"At 31st March, 1985 Mr. Speaker, the Public Debt was \$882 million of which the sum of \$504.9 million was borrowed locally and \$377.1 million from external sources. As I indicated earlier, the Capital Expenditure was \$147.6 billion, the Gross Domestic Product was \$2,303 billion and the Debt Service ratio was 2.9 per cent, which is very modest by an international standards.

PROSPECTS AND POLICY

"I turn now Mr. Speaker, to the prospects for the fiscal year 1985-86. In the recently approved Estimates, revenue was estimated at \$625.4 million and current expenditure at \$646.6 million making a current account deficit of approximately \$21.2 million. Steps will be taken during the current year to close the gap. The Inland Revenue, Customs and Land Tax departments have been examined and measures have been implemented to further improve their efficiency. This should lead to a reduction in the arrears due to these departments, and it is expected that an additional sum of \$16.0 million will be collected through the various improvements which have been introduced.

"Secondly, Mr. Speaker, at present, the expenses of the Drug Service are met entirely from the Consolidated Fund. However, with the implementation of the National Health Service, those expenses will be met by the National Health Board which will re-imburse the Consolidated Fund. Further, equipment and a number of services which are now being provided from the Consolidated Fund, but which properly relate to the National Health Service will have to be paid for by the Board. As a consequence, Mr. Speaker, it

is anticipated that the Consolidated Fund will be re-imbursed to the tune of approximately \$15.7 million out of the Health Levy Fund.

"Finally, the salaries of the staff of the Ministry of Transport and Works are met from the Consolidated Fund, but when these officers work on projects which are financed out of the Transport Levy Fund, no re-imbursement is presently made to the Consolidated Fund. This can be contrasted with a situation where private and professional services are hired to design or execute projects to be financed by the Transport Levy Funds. In such cases, their fees and charges are paid out of the Transport Levy. From this financial year, that practise must cease and the Treasury must be paid the appropriate amount for the time spent on projects implemented by the Ministry which are financed through the Transport Levy Fund.

"The additional revenue which will result from the improvements and at the re-imbursements from the Health and Transport Levy Funds will significantly narrow the current account deficit. But before we leave this topic of improvement in the Public Sector Mr. Speaker, I wish to address my attention to the Statutory Boards and wholly owned Government companies, particularly those carrying on commercial operations.

Good service

"As a matter of policy, all those engaged in these institutions are expected from now on to ensure that their operations are efficient. Those that are engaged in commercial activities must strive at all times to provide good quality service to the public, while at the same time ensuring that they at least cover their costs. It is important that this message is understood, because unless the Ministry of Finance is satisfied that this message is taken seriously, the Treasury will not continue to underwrite their inefficiency by providing for their losses.

"For the other Boards which are not involved in commercial ventures, it is expected that they too will contain their costs. In order to ensure that the Statutory Corporations perform in a manner which is in keeping with the above views, the Parliamentary Secretary in the Ministry of Finance and Planning will be charged with the special responsibility of

monitoring the performance of State Enterprises. In addition, the Management Services Unit of this Ministry is being strengthened so that it can continually examine the operations of all

of the Statutory Boards, whether commercial or otherwise, but in particular those for whom the Government has guaranteed loans.

"These Boards, as well as the companies wholly owned by the Public Sector to which I referred earlier, will be expected to submit information on their operations on a regular and timely basis.

"The Capital Estimates were approved at \$183.3 million, which, when added to the current account deficit, give an overall deficit of \$204.5 million. However, Mr. Speaker, past experience suggests to us, that we are unlikely to spend more than \$150 million. This being the case, we would then be faced with an overall deficit of \$171.2 million, but in view of the measures which I have outlined so far and those which are to come, I do not consider that there will be any problem at all in financing the Public Sector deficit investment.

"Since 1981, the main concern of our public policy has been to give some measure of stability to the economy in the face of turbulent conditions in the world at large. The severe international recession during the period, and the acute problems faced by our partners in Caricom, reduced the growth prospects of our economy and led to a slow down in our foreign exchange earnings.

"In recognition of these developments, measures were instituted to protect the balance of payments and to limit the adverse effects of recession on the Barbados economy. In particular, we felt it necessary to restrain domestic expenditure in so far as a substantial portion of such spending goes towards the purchase of imports.

"On the public account, we were concerned to stimulate the economy by a modest employment generating capital works programme. However, we were ever conscious of the need to avoid massive foreign borrowing on commercial terms, or excessive use of local bank credit, to the detriment of the private sector.

"As such, we opted to pursue a policy of fiscal restraint; the central features of which were the careful control of the growth of public sector operating expenses and the paring down of our capital programme to those projects which are of strategic importance to the long term viability of the economy. I must however stress that amidst this fiscal restraint, our commitment to maintaining a satisfactory quality of life in this country did not waiver. Despite the recession, we did not

reduce public spending on critical social areas such as education, health and welfare. Rather, the adjustment that was made, was effected largely by a reduction and re-ordering of our expenditure on capital projects.

"The aim of the exercise was to ensure that we survive the recession with a sound foreign reserve position, a stable financial position, a tolerable level of debt and with the productive capacity of the economy so intact as to enable it to take any advantage of improved conditions for economic growth.

"Quite naturally, Barbados, like the rest of the world, could not endure a recession without experiencing some difficulties and making some sacrifice. However, it is my belief that the difficulties experienced, and the sacrifices made, were well worth the effort of ensuring that we keep Barbados stable at a time when even better endowed economies have tottered on the brink of collapse."

"Our policies have worked. After two years of decline in 1981 and 1982, the economy was brought into balance in 1983 and growth resumed in 1984. The 2.9 per cent rate of growth which was recorded last year, was, of course, not large enough to wipe out the declines of earlier years. Whilst we make no claims to a full or broad-based recovery of the Barbados economy, our adjustment to the changed circumstances within which the economy now operates has started and we must translate these recent gains into lasting benefits by a judicious and carefully balanced choice of policies.

"I am fortified in this view, Mr. Speaker, when account is taken of other indices of our economic performance. Growth, in 1984 was induced by a relatively strong showing in our main export sector tourism. This is not only welcomed from a narrow foreign exchange point of view, it also strongly indicates that significant dividends can still accrue to the economy once we show the resolve to make such adjustments as are necessary to cope with market and other variations.

"In addition, sugar production increased by 18 per cent and the non-sugar sector held its own despite the heavy rains late in the year. Indeed all sectors of the economy, with the exception of manufacturing showed signs of im-

provement in 1984, and within the manufacturing sector, the electronic industry and others which trade outside Caricom remained vibrant.

"This encouraging production pattern was mirrored somewhat, in the main financial indices of the economy. Our external position, as measured by the change in reserves and our debt service ratios provided no cause for alarm. The balance of payments recorded a deficit of \$1 million, but this was covered by official financing of \$12 million; an amount which was substantially less than the \$48 million and \$29 million of 1982 and 1983 respectively. Debt service payments on the public account remained low at 2.9 per cent of export receipts, and even after account is taken of the repayment of public guaranteed and private external debt, it takes no more than 10 cents in each dollar of foreign exchange earned to honour our international obligations.

"By containing the fiscal deficit at \$100 million, or just under 5 per cent of GDP, the largest proportion of which was financed from domestic sources, room was left for private sector financing of expansion. In addition, Mr. Speaker, interest rates eased during the year, and deposits in the banking system grew to the point where excess liquidity emerged at the end of the year and continues. Another very heartening development was the renewed strength in the mortgage market, where loans by all financial institutions are estimated to have increased by 10 per cent in 1984.

Low increase rate

"An equally encouraging development was the very low rate of inflation recorded during the year (4.6 per cent). Indeed, this was the lowest rate of increase in the cost of living in seventeen years. This happy turn of events has been carried over into 1985, as the consumer price index recorded a moderate increase in January, and actually fell in February and in March.

"There were, of course, some significant negatives on the balance sheet. By far the most significant of these was the increase in the rate of unemployment, which rose from 15.6 per cent to 18.3 per cent of the labour force. As the Economic Review shows this is a world wide problem, namely the co-existence of growth in the economy and growth in unemployment. It must be stressed that an important dimension of this problem is the considerable difficulties experienced by the manufacturing industry in maintaining sales to Caricom countries and the structural changes that are taking place in the manufacturing sector not only in Barbados but worldwide. Above all, we

must recognise that as a nation which depends upon trade for the maintenance and increase in employment, we will jeopardise our prospects for employment generation as long as we allow our costs to rise at a faster rate than those of the countries to whom we sell. This consideration is all the more compelling since we remain committed to a fixed exchange rate regime in an age when some of our main trading partners have shown themselves to be willing to undertake exchange rate adjustments to protect their trade and employment positions.

"In addition to the rate of unemployment, another major concern was the relatively weak financial position of some sectors of the business community. Again, it is inevitable that economic recession will weaken the financial viability of producing enterprises, particularly in circumstances where such enterprises are slow in effecting productivity, costs and market adjustments. From the public standpoint, the Government has endeavoured to shore up the viability of some of our sectors through bond guarantees, the provision of special

discount facilities at the Central Bank, arrangements by the Barbados Development Bank for debt re-scheduling, the easing of interest rates and tax concessions to the hotel industry to undertake refurbishing. We however, also expect that the private sector as well as the Leaders of Labour will recognise the significance of the changed circumstances within which we now operate, and deal frontally with the challenge of market diversification, increased productivity, improved management and the need to be competitive.

"On balance, Mr. Speaker, it can be truly said that despite the turbulence of recent years, the prospects of Barbados are encouraging. There has been a resumption of economic growth. Our debt position is manageable, and we continue to pay our way in the world. In recent months, our reserves have increased; driven on by the renewed force of the tourism sector. The cost of living is under control, and the state of public finances is in relatively good order. The substantial investment we have made in our social and economic infrastructure, particularly in recent years, can now secure for us a higher quality of life.

Major challenge

"The broad and major challenge that confronts us is that of accelerating the structural adjustments which have started to take effect in our productive sectors so as to safeguard and enhance

our international competitiveness in the search of new employment opportunities. By the same token, we have to make the move towards the more effective management and utilisation of our domestic resources, so as to improve the viability of our productive enterprises with the ultimate aim of making them worthy partners in our national development.

"These, Mr. Speaker, are the broad objectives that guide the construction of our budgetary policy. In more specific terms, this budget will be an employment generating budget. In respect of the public sector side of things, Government will lend its activities to the stimulation of new employment opportunities subject only to the limitation that in all our doings we will not make unreasonable encroachments on the private sector's access to financing, nor put the country in an unsustainable external debt position. By way of priorities, we will seek to stimulate employment by creating an environment conducive to stronger export-led growth, and one in which domestic savings can be expanded to finance renewed investment.

"Some aspects of this policy have already been laid out in our statement of public expenditure for the fiscal year. We are determined to increase public investments in housing for a number of reasons. In the first case, there is evidence of some excess capacity in this sector which can be brought into productive use in a job-related way. Secondly, the construction of the cement plant has now put us in a position to contemplate a strong housing programme without fear of adverse balance of payments consequences. Above all, no other sector offers the range and composition of employment opportunity as does the housing sector.

We are equally determined to support job-related investments in road construction, the building of fishing harbours and urban upgrading schemes. The first two are critical to us not only on account of the jobs they will bring immediately, but more especially so because of the avenues they will open for productive investment into the future. The latter will encompass the development of the Carlisle Bay area and general waterfront of Bridgetown, to make this country more attractive as the leading service economy in the Caribbean.

Private sector

"We however expect that the lead in employment generation should come from the private sector, and I shall outline the fiscal measures to be instituted to generate savings, to improve manpower development, to enhance the viability of

enterprises and to support market diversification, particularly in extra-regional areas.

"I however feel compelled to deal in some detail with the key role we will attach to extra-regional market diversification in our employment strategy.

"Barbados is a small economy, and except for a few areas, any major area of economic activity must depend on access to foreign markets for its survival. This is true of sugar and non-sugar agricultural activity. It is true in the case of tourism and equally true in the case of manufacturing. It follows that our skill in securing access to foreign markets hold the key to the protection and expansion of employment in this country.

"In the latter half of the 1970's a part of our manufacturing sector found it possible to flourish because of the opportunities existing for increased trade in the Caricom region. This development was made possible partly through the general tariff arrangements of Caricom, the prosperity enjoyed by the leading Caricom country, Trinidad and Tobago, and the existence of a multilateral system for the settlement of trade accounts in the region.

"But times have now changed. Regional protection has now given way to insular protection, as some countries have used devaluation, licensing systems and other such devices to cope with their domestic problems. The Trinidad economy, which was at the centre of growth in regional trade can no longer be reasonably expected to shoulder that role in view of its own difficulties. And the insolvency of some of our partners in the region has ruled out the Multilateral Clearing Facility as a device which can now finance the growth of trade.

"Without in any way reducing our commitment to Caricom it is perfectly clear to us that we must seek markets in the wider world if we are to maintain industrial activity and employment. We do not, by any means, understate the difficulties that will be experienced in making the transition from one market situation to another. Incentives will have to be provided to support market promotion and development; and these will be given.

"Training and manpower development schemes at the factory and the institutional level will have to be put in place to enable us to come to grips with the exacting quality requirements of such new markets. These will be done. Our private sector will have to gear itself to make the transition from the shelter of a lightly protected domestic and regional market to one characterised by fierce competition. Already, there is much

evidence of a resolve to make that step. Whatever the sacrifice, the transition has to be made.

"In all this, one of the key ingredients for success will be the relationship we establish between our productivity and costs, while attempting to expand trade in a fixed exchange rate regime. We will find it difficult to secure new export oriented investments, to hold our existing position in foreign markets or penetrate new ones if we allow our costs of production to rise at levels which are entirely out of line with international norms. It is very true that in most cases, the largest proportion of cost is payroll charges. To remain competitive therefore we must carefully control the impact of non-wage payroll charges and utilities. But we cannot ignore the fact that we will also undermine the external viability of our economy by allowing our wage costs to increase at a faster rate than those of our main trading partners, particularly in the context of a situation where the exchange rate at which we trade is fixed while theirs is constantly being reduced.

Productivity

"In times of high real growth and increased productivity, substantial wage increases can and should be granted. But it is an economic contradiction for us to seek to pay ourselves more in times of low growth and falling productivity. And it would be an error of tragic portions for us to believe that we can secure a lasting niche in the international economy by increasing our wages and salaries at a rate far in excess of our international inflation, while seeking to sell our exports at a fixed exchange rate.

"In summary therefore, Mr. Speaker, the Government will contribute to the expansion of employment by making selective investments in public works which both bring immediate job relief and expand our productive and social infrastructure. We will assist by supporting the promotional efforts of the Industrial Development Corporation, the Export Promotion Corporation, the Tourist Board and the Central Bank operations, as well as the transportation ventures, such as Caricargo and Caribbean Airways, whose activities underpin our market diversification efforts. We will make such reasonable efforts as are necessary to improve the financial viability of our main export sectors. This budget will provide new incentives to accomplish this so as to set the stage for a major extra-regional thrust.

"We will attend to the problem of training and manpower development, particularly as it relates to job creation. But in the final analysis, all estates of the

economy must act in concert to ensure that we protect and create jobs on the strength of our competitiveness and ensure that such competitiveness is securely rooted in high productivity and reasonable costs.

BUDGETARY PROPOSALS

SAVINGS

"It is accepted that an increase in domestic savings out of rising incomes is a necessary condition if a country is to avoid being totally dependent on foreign capital to fuel its development. In pursuance of this goal we gave a commitment in 1977 to provide the appropriate incentives not only to encourage domestic savings but furthermore to channel the available funds into the productive sectors.

"As a consequence of our pursuit of this goal, financial savings by all Barbadians, as measured by sums held in savings and time deposits in commercial banks rose by 190 per cent or \$527.6 million from \$309.0 million to \$836.6 million over the period December 1975 to end of year 1984.

"It is heartening to note the role played by private individuals in this performance as evidenced by the fact that their savings increased by 197 per cent or \$370 million over this period.

"This growth in savings no doubt demonstrates the massive response of our citizens to the wide ranging measures we have instituted in this area over time. These measures were spelled out in detail last year and therefore there is no need for me to reiterate them. However, we recognise that there is still a long way to go in instilling the savings ethic in our people, for though wages rose on average in 1984 by 11.3 per cent, savings and time deposits increased by only 7.7 per cent.

"Therefore, there is still much scope for increased savings on the part of individuals and I propose to introduce further measures to encourage a greater effort.

SAVINGS WITH CREDIT UNIONS

"Mr. Speaker, as a confirmed believer and supporter of Credit Unions, I am more than pleased by the tremendous growth that has been taking place in this area of savings within recent years. This Government is not abashed in taking the kudos for enabling approximately 15,000 of our citizens to proudly call themselves Credit Unionists. We note with deep joy that the institution is taking root now in our schools and I understand also that a regional organisation located here has established one among the members of its staff.

"In the circumstances, Mr. Speaker, I propose to provide a further inducement to the organisation which collectively has

seen its membership increase from 6,000 in 1980 to 15,073 at December 1984 and its savings from \$4.5 million to \$20.8 million over the same period. Effective income year 1985, the allowance shall be increased from \$1,200 annually to \$1,800 on the same terms and conditions as currently exist.

STOCK PARTICIPATION

"This Government has actively encouraged the democratisation of shareholding in this country and in particular the concept of employee participation and ownership of Enterprises where they work. A series of incentives have been granted in successive Budgetary Proposals towards this end. We have provided allowances for bonus shares and new shares in public companies as well as for shares issued in lieu of retirement gifts. The opportunity has been given also to the small saver to hold National Development Bonds and National Savings Bonds.

Ownership

"I now propose to extend the options of employees to participate further in the ownership of their work places by exempting from the tax the value of a benefit to employees arising from the difference between the market value of the shares of the enterprise and the purchase price of the share at the time of purchase, effective from income year 1985. Such benefit will be limited to 10 per cent of income per year. Whenever the shares are sold, the tax would be charged on the realised profit.

"These proposals, Mr. Speaker, will cost the revenue \$700,000 in taxes.

DIRECT TAXATION

Income Tax

"I note, Mr. Speaker, that it has already been reported that I am bringing a generous package of concessions this year. It is true that ever since 1977 we have, by undertaking a radical restructuring of the income tax rates and allowances allowed the taxpayers to keep some \$97 million that they otherwise would have had to pay to the Commissioner. This remarkable feat has been accomplished by the introduction inter alia of the system of tax credits whereby persons earning less than \$145 per week no longer pay income tax, permitting working wives to file separate returns from their spouses while claiming similar personal allowances together with the allowance for life insurance premiums among others; granting persons over 65 years whether married or single greater personal allowances up to a maximum of \$5,500; as well as the wide range of deductions in respect of savings alluded to earlier.

"All of the foregoing were done, Mr. Speaker, to provide Barbadians once more with the incentive to greater productive effort. This year, however, because of the state of the public finances and the need to bridge the gap of the current account, we are not in a position to further restructure the income tax system in the way and to the extent to which we have committed ourselves since 1977.

"I propose nevertheless to take the restructuring of the system of direct taxation with respect to incomes and profits one step further this year by streamlining the treatment of certain levies and granting concessions in certain special areas.

Income tax

"Currently, Health Service Contributions are allowed as a deduction for income tax purposes for both the employer and employee. I now propose that effective income year 1985, contributions in respect of the Transport and Training levies be similarly treated.

"I also consider, Mr. Speaker, that at this stage of our development we should be giving more encouragement to the men of letters. I hasten to add here lest I am called sexist that I do not exclude the female of the species and furthermore, the term is used broadly to cover all types of authors including songwriters and writers of computer programmes. My proposal is to exempt from income tax 50 per cent of royalty payments received in Barbados from the sale of such works.

"These income tax proposals, Mr. Speaker, are expected to cost the revenue some \$3.3 million.

CORPORATION TAX

"Mr. Speaker, at the moment annual depreciation allowance is granted as a deductible expense in computing corporation tax on industrial buildings only. This privilege has not been extended to commercial buildings. I therefore propose to grant a building allowance on all commercial buildings. However, the following categories of buildings will be excluded —

- buildings subject to the industrial building allowance
- buildings enjoying the allowance for conversion into rental units
- hotels claiming hotels aids benefits.

The allowance will be calculated at 1 per cent of the improved value of the property as assessed by the Commissioner of Land Tax and shown in the Land Tax demand notices. The cost to revenue here is estimated at \$1.6 million.

"As the law stands at present, Mr. Speaker, persons engaged in commercial

activity are entitled to carry forward losses over a five year period and set off those losses against profits earned in those subsequent years. If no profits are earned within the specified period, then the accrued losses can no longer be utilised. I propose to extend this concession by allowing businesses generally the longer period of seven years in which to generate sufficient profits to liquidate the accrued losses.

"I turn now, Mr. Speaker, to the stimulation of extra-regional exports. As recently as last March, I noted publicly that even if all non-tariff barriers to intra-regional trade were removed, local exporters would still be faced with a retail market significantly smaller in size than in the boom years of Caricom trade. I warned then of the evident danger of once again growing overly dependent on what in essence is a single small market. I further reiterated the concern of the Government of the need for manufacturers to gear their production for export to the developed countries.

"You will recall, Mr. Speaker, that in 1977 we drew attention to the size of the trading deficit and emphasised the necessity for strong measures to increase our level of exports especially extra-regionally. We noted then, that though there was in the Income Tax Legislation provision for a rebate on a graduated scale of up to 50 per cent of a local manufacturer's tax so long as extra-regional sales accounted for more than 61 per cent of total sales, no local company had been able to make use of the rebate system.

"In further recognition of the need to encourage export a revised structure was put in place and the Export Promotion Corporation was created and one of its principal functions became the provision of marketing information to businessmen and entrepreneurs to enable them to become aware of the opportunities for export sales in both the regional and extra-regional markets. Notwithstanding the efforts of the Export Promotion Corporation in market identification, we need to do more.

"The Government is convinced that a case exists for providing further incentives in this area especially to encourage new ventures from local businessmen acting either singly or in joint ventures with foreign partners. Accordingly, Mr. Speaker, I propose that in respect of extra-regional sales the following —

- (a) an allowance for market research and development of 150 per cent of actual expenditure incurred;

- (b) an initial investment allowance of 40 per cent on the purchase of new capital equipment. All companies who qualify for the rebate on sales to extra-regional markets will be granted this privilege;

- (c) the maximum rebate of tax allowed on extra-regional sales will be increased to 80 per cent from 50 per cent. This applies where such sales exceed 61 per cent of total sales.

"The cost to the revenue of these proposals to boost extra-regional exports is \$1.3 million. These measures take effect from this income year.

"However, Mr. Speaker, before I leave this area of direct taxation, I must sound a sombre note as I turn to the issue of tax evasion.

CONTROL OF TAX EVASION

"It is in the interest of the Government and the Community as a whole, that citizens fulfil their civic obligations in compliance with the tax laws and pay their due taxes. For tax revenues enable the Government to provide the social services for the benefit of all residents and to meet their increasingly high expectations.

"However, it is regrettable to state there is evidence available that there are persons in several economic sectors who are not contributing their fair share, and in some instances are making no contribution at all. This delinquent attitude prevails among the self employed (Professionals included) and also among a number of small incorporated businesses. As a consequence another category of taxpayers (employees) whose incomes are subject to withholding tax carry too disproportionate a part of the tax burden. For the self employed at the present time suffer no deductions at source on their earnings.

"It is incumbent upon Government to ensure that there is equity in the administration of the tax system and that all categories of taxpayers bear equitably the

burden, for it is reasonable to state that if every citizen meets his or her tax obligations, I am sure that I would have greater scope in the provision of concessions to all.

"The Commissioner of Inland Revenue in 1983 introduced an information-gathering device to obtain particulars on payments received by the category of persons referred to, as well as others. Even though the results have been encouraging, yet Government will continue its efforts to maximise tax collections with unrelenting assault on tax evaders.

"In this connection consideration is being given to the introduction of a tax collection device to improve tax compliance in the delinquent areas already mentioned in addition to other activities. We are studying the experience of other countries who have in place a mechanism of a withholding tax on payments made to a particular group of persons outside the pay-as-you-earn system. To put it briefly and simply it involves the extension of the withholding tax to fees paid to professionals and payments for services. Naturally, great care and thought will go into the designing of a system to secure public acceptance of its adoption. Accordingly, consultation with the relevant organisations will take place to work out an effective and efficient scheme with a good degree of flexibility.

INDIRECT TAXES

"Import Duties and Stamp Duties

"As noted earlier, during 1984 exports stagnated and net imports also decreased. Taxes on international trade actually decreased in 1984-85 from \$89.6 million in 1983-84 to \$84.9 million. There was an increase in taxes on goods and services as a result of the increase in the rate of stamp duty from 3 to 10 per cent during the year. This experience of a fall in import duty and the need to safeguard the revenue is shared by all countries in Caricom.

"Throughout all Caricom, efforts have been made to close this gap by the introduction of stamp duties. An examination has taken place on the rates of stamp duty in the other areas of Caricom. In Trinidad and Tobago in their recent Budget, stamp duty was introduced at 12 per cent. This examination has revealed that the rates of stamp duty in Barbados are among the lowest in the Caricom area, particularly now that the rates in Jamaica have been increased to 40 per cent in some cases.

"It is therefore proposed to raise the level from 10 to 12 per cent to take effect immediately. This measure will result in an increase of revenue of approximately \$10 million. There is no scope for increasing import duties. Barbados has already fulfilled its obligations under the terms of the Nassau Agreement. If we are therefore to make up the difference in a fall of the revenue arising from the exchange rate fluctuations, and in our case from the strength of our being linked to a strong American dollar, the adjustment to our rate of stamp duty or consumption taxes are our only alternatives.

CONSUMPTION TAXES

"The Hotel Association has requested a review of the existing tax on wine. I believe there is some merit in their complaint that the cost of wine in Barbados is too high. Because of the Caricom arrangement, we cannot unilaterally change the common external tariff on such imports. I therefore propose to reduce by one half the rate of the consumption tax from \$5 to \$2.50 per litre on all imported wines as identified in the attached appendix.

"I also propose to effect changes, Mr. Speaker, in the rates imposed on a selected number of items of energy conservation equipment and related materials. These items are shown in the attached appendix and include high intensity discharge lamps other than Mercury Vapour, Photo-controlled Cells and Sockets, and Ceiling Fans. The Consumption Tax on these items will be removed.

"These proposals on Consumption Tax will cost the revenue some \$1.3 million, and they also take immediate effect.

HOUSING

"Mr. Speaker, our aims and goals and our accomplishments in the area of housing are well documented. Our approach to this vital area has not only sought to integrate the private sector building industry with that of the public sector agencies, but perhaps more importantly has been targetted at the individual citizens themselves.

"We have not only granted special income tax concessions to House Builders but we have also restructured the method of taxation applied to owner-occupied houses by not requiring the head of a household to pay income tax for the privilege of living in his own house. The Tenancies Freehold Purchase Act, both in respect of Plantation and designated Tenancies, provides the incentive for owners of chattel buildings to convert them into wall.

"In addition, Mr. Speaker, the last Budget provided special provisions for owners of historic dwelling houses, as well as incentives for the conversion of premises into residential rental units. Indeed this Government's record in trying to meet the housing needs of the people is second to none in the history of our country.

"We recognise, however, that more needs to be done in this area of activity and so there will be a redoubling of our efforts. This year special directions will

be given to ensure that a further \$32 million from Government controlled sources will be channelled into housing so that persons from all income groups desirous of improving their existing houses or acquiring a new one will be in a better position to do so. We expect Financial Institutions to improve on their 1984 performance as the Government is doing.

AGRICULTURE

"Mr. Speaker, the strategic importance of the agricultural sector to the Barbadian economy cannot be gainsaid. While its relative contribution to income, employment and foreign exchange generation has declined, it continues to perform a socio-economic role which cannot be measured in purely monetary terms. The Government is committed to the refashioning of our agricultural sector to enable it to increase productivity, earn and save foreign exchange and ensure

rising incomes for those of our rural society. In 1982, when this matter was last addressed by way of fiscal initiatives, our concern then was to stimulate domestically-oriented production aimed at reducing foreign exchange expenditure on food. The results of this initiative have been very satisfactory. The non-sugar sector has been the only sector which has grown in each year since 1981 and our food import bill which amounted to \$169 million in 1981 fell in 1982 and 1983.

"Indeed, Mr. Speaker, there is a vast array of incentives at the disposal of the sector. These include grants on spraying equipment and irrigation facilities, subsidies for the development of pastures, grants for the establishment of orchards and silos and for the purchase of sugar cane choopers. In addition, rebates are allowed on the purchase of agricultural machines as well as on land tax on acreage used for foodcrop and livestock products. Land cultivation rebates are also available, together with rebates on planting materials for pasture, livestock, fruit trees and vegetable seedlings are also made available at highly subsidised rates. Finally, most imported inputs needed for agricultural production are allowed into Barbados free of duty.

"We are still faced with a food import bill of \$160 million. Notwithstanding the above, it is clearly necessary to give further stimulus to non-sugar agriculture in selected areas. Such areas will include livestock development and fruit production, since these are the fields in which the greatest ground has to be covered. The Ministry of Agriculture will therefore shortly announce variations in the scale of grants on rebates to promote such ventures.

"At this juncture, however, the clear imperative is for us to develop the export potential of our non-sugar agricultural sector. There can be no doubt that this sector can benefit from a facility which is designed to facilitate timely payment to farmers for produce delivered for export, to facilitate the purchase of handling and packaging material and to finance activities associated with market development.

Fund established

"To this end, Government will establish an Agricultural Export Revolving Fund to provide loans to individuals or institutions wishing to export non-sugar agricultural commodities. This fund will be initially capitalized to the extent of \$1 million and will be administered by the BMC in accordance with guidelines to be laid down by the Ministry of Agriculture. I fear, Sir, that a more imposing challenge awaits us in relation to the sugar industry. I do not propose here to indulge in a full scale debate on the sector's problems, their causes nor their solution. The latter, in particular, are very much the subject of intensive review. I must however point out that from time immemorial, our sugar industry has always been subsidised. Initially, this subsidy took the form of the guaranteed prices we obtained under the aegis of the Commonwealth Sugar Agreement. The reduction of our quota under the Lome successor to that scheme from 139,000 tonnes to 53,000 tonnes has in a stark way exposed the industry to the effects of world market conditions for sugar. Moreover, the problems of the industry have in recent times been compounded by the fluctuations of the major currencies of the world and especially so by adverse weather conditions in 1981 and rapidly rising costs.

Production

"The bottom line is that the industry has tended towards atrophy to the point where production in the vicinity of 100,000 tonnes has become the norm. The dilemma is that at this level of output, losses accrue because as much as 20,000 tonnes may have to be sold on the freemarket at prices at the present time in the range of 4 US cents per lb. Should production go beyond this level, at world market prices, even larger losses would have to be contemplated because of the low threshold of the guaranteed markets for our sugar since 1975. To go below 100,000 tonnes would invite the collapse of the industry; a development which would carry with it the ruin of much of agriculture as well as a sizeable portion of our commercial sector.

"We however remain steadfast in our judgment that this industry still has a substantial role to play in our national progress. Despite its financial losses, we must surely attach a social value to the earnings of over \$60 million and in some cases over \$100 million per year from the 35,000 acres which it employs. Equally, agronomic factors mandate intercropping with sugar cane as a means of ensuring the productivity of land in other occupation.

"The long-term solution to this complex problem will be bound up in the cost-reducing and productivity measures which are effected at the level of the field, the factory and in the management of the industry. Various initiatives have indeed been launched in this direction and we must expect that a gestation period must elapse before they pay dividends.

"The immediate priority is to devise financial expedients to bridge the gap, between the average price per lb of the industry and its unit costs. To date, this matter has been addressed by the Government's *ex post facto* guarantee of price support bonds issued by the industry, and by an increase in the domestic price of sugar. A price support bond issue for the 1984 crop has recently been put on the market, and this has been fully subscribed.

Sugar industry

"To signal our continued support for the sugar industry, we now propose to make a substantial grant to the industry in 1985. Discussions with the industry are now taking place to determine its price support requirements for 1985, and the amount of Government grant will be announced as soon as these deliberations are concluded.

"I could not leave this matter, Mr. Speaker, without stressing the point that we expect the solution to this industry's problems to be found in the pursuit of diversified, total farming. There is much to be gained from systematic diversification into areas where food import expenditure is now high, such as fruit, peanuts and beef, and equally so into new areas of export vibrancy such as orchard crops, cotton, and winter vegetables. We also look forward to the management and operation of the industry being brought into line with modern industrial practices to its benefit and that of the society at large.

CREDIT AND INTEREST RATES.

"Mr. Speaker, as I have already said, projections indicate in 1985 that the momentum gained in 1984 will be maintained. To date tourism and other related services, sugar and the electronic sub-sector have been the main contributors to the recovery. Broader-based expansion is, however desirable. Analysis indicates

that current economic prospects justify some easing of the constraints of existing credit and interest rate policies.

"I therefore propose to give some further encouragement to expansion economy. The Central Bank twice raised the ceiling of the rate of interest for new mortgages while the rate of interest on deposits remained unchanged. Such action was intended to provide investors with an incentive to make available increased amounts of mortgage financing on account of the wider spread of interest they would earn on their investment. Statistics for the year 1984 reveal an upsurge in lending for home construction of some \$20 million, the highest since 1980-81. It is now proposed to exempt from the limit of credit to households all lending for housing related activities including repairs and bridging loans.

Regulations

"Opportunity will also be taken to correct an anomaly in the existing regulations. Credit for commercial vehicles, taxis and rental cars will be exempted from the limit set for consumer credit. Further, I propose to raise the existing limits on Bank credit for distribution by 10 per cent. Each bank will have its existing limit raised by 5 per cent. The remaining amount of the increase will be distributed among the banks in such a way that each bank will receive an equal dollar share.

"With respect to interest rates, I propose that the average lending rate be reduced from 11 per cent to 10 per cent and that the minimum rate payable on savings deposit should also be reduced by one point, from 5 per cent to 4 per cent. A more substantial reduction of 3 per cent will be applied to the Central Bank's rate for ordinary discounts. The new rate will be 13 per cent instead of 16 per cent. The date for coming in force of the new interest rates will be fixed after consultation between the Central Bank and the commercial banks.

"The increased activity which it is expected will be generated as a result of the above concessions should have a beneficial effect on employment prospects.

"Mr. Speaker, before I move on I should also like to say a word about the protection of credit when extended. Major financial institutions are well placed to assess risks and monitor the security of their investments. There are however, a number of lenders who place deposits upon invitations with corporations which do not possess the resources to look after the security of their deposits. I consider that the Government has a duty to provide the necessary protection for such investors.

Recent experience relating to a number of corporations going into receivership has highlighted the need for mechanisms to provide enhanced protection for such persons. The problem is currently under study and it is proposed in the near future to enact legislation which will regulate the deposit-taking activities of all corporations.

"In formulating the proposed measures, due account will be taken of the views of all concerned who will be consulted by the Government in the process.

THE INSURANCE INDUSTRY

"In the Budgetary Proposals for the financial year 1984-5 a comprehensive reorganisation of the tax structure applicable to life insurance companies was undertaken. This new system became effective from income year 1984, and therefore I do not propose to impose new taxation on this industry at this time. However, it is considered necessary to streamline the administrative control of the industry by bringing all those persons who solicit applications for insurance within the scope of the Insurance Act.

"In recent years brokers have become increasingly active in all areas of insurance. Many of them now employ individuals who compete in the open market with the registered salesmen employed by insurance companies, their agents and sub-agents. The Insurance Act does not provide for the registration of salesmen employed by brokers. It is proposed to correct this omission by amending the Insurance Act to include persons in the employ of brokers in the definition of "salesman" within the context of the Insurance Act. This measure will make it mandatory that they obtain a certificate of registration and pay the annual registration fee.

Registration fees

"While on the subject of fees the category of salesman is the only one on

which registration fees have not been increased since the commencement of the Insurance Act of 1972. This category has

always been deliberately omitted in order to avoid placing undue hardship on salesmen employed by industrial companies. The time has come to bring them in line. Therefore with effect from May 8, 1985 the application fee for registration as a salesman will be increased from thirty dollars to fifty dollars and the annual registration fee from sixty dollars to two hundred dollars per annum or part thereof commencing in January of each year. Salesmen in the employ of more than one company must pay a separate fee for each company.

"It is estimated that these measures will earn approximately \$50 000 in additional revenue.

"At present contributions to Pension Funds administered by non-registered insurers are subject to a remittance of tax of 15 per cent, but contributions to funds administered by agents who are not insurers are not subject to this tax. In order to ensure equality of treatment to all contributors and at the same time not to impose extravagant penalties on individuals employed by multinational companies it is proposed that all pension funds approved for remittance out of Barbados shall be subject to a remittance tax of 6 per cent with immediate effect.

TRAINING

"Our experiences over the last four years have demonstrated to us that our traditional markets are no longer assured and that if we are to contend with the competition which is developing both within as well as outside of the region we must produce quality goods and services.

"This becomes even more important to our survival and future economic prosperity when we remember that the strengthening of the US dollar is another variable which works to our disadvantage in relation to our trade with Europe.

"Mr. Speaker, in order to maintain our competitiveness and to safeguard our sustained economic development by being in a position to adapt our methods of production to meet the changing technological and economic environment in which we exist, we as a Government must intensify our efforts to promote up-to-date training programmes for those persons who are already employed in industry. Particular attention must also be paid to the training of our young people. Much progress is being made at the moment; BIMAP with financial assistance from the World Bank has a programme for management training at middle and higher levels in the industrial sector.

"There is the World Bank Programme being conducted at the Ministry of Agriculture with the assistance of personnel from Israel, which is designed to improve marketing and other skills within the Agricultural Sector, particularly in non-sugar agriculture. In addition, the Rural Development Project which is assisting small farmers has already made substantial progress. At present, with financial assistance from the European Economic Community, the Export Development Corporation in collaboration with the Samuel Jackman Prescod Polytechnic is sponsoring a 16 weeks course in designing and other related areas for persons who are involved in the garment industry.

"A similar effort has been made for the Tourist Industry by way of a financial and marketing course through the Hospitality Division of the Barbados Community College. So much, Mr. Speaker, for those training courses which are already in progress. They are not enough, and we must move to a more comprehensive programme if we are to provide a better trained work force.

"The National Training Board which was established in 1979 is charged with the responsibility of coordinating all training activities for persons between the ages of 16 and 25 years as well as to provide on-the-job training for persons who are already employed and re-training for those persons who either become technologically redundant or need to upgrade their existing skills. These activities ought to be significantly expanded; the efforts of the other Agencies need to be coordinated to prevent duplication and more resources need to be brought to play. The existing programmes cover —

- (1) Apprenticeship
 - (2) In-Plant—On-the job training (for those already in the work force)
 - (3) Instructor Training, Supervisory Training, Job Analysis, curriculum development, Testing and Certification
 - (4) Specialised programmes on request
 - (5) Modular Skills Training, Short-term remedial education
 - (6) Non-apprenticeable occupations.
- These activities will be expanded as follows —
- (a) An increase in the number of Apprenticeships to 400 per year
 - (b) Eight new Centres for Skills Training will be established at the following places:
 1. Six Cross Roads, St. Philip
 2. St. Patricks, Christ Church
 3. Boscobel, St. Peter
 4. Holy Innocents, St. Thomas
 5. Belfield Land, St. Michael
 6. Ivy, St. Michael
 7. Sion Hill, St. James
 8. Old Naval Base, St. Lucy.

"The courses will be extended to a minimum of nine months of which three months will be on-job training. One thousand additional young people will benefit. Mr. Speaker in this International Year of the Youth considerable thought has been given by the Government to the provision of a Youth Training Scheme.

There is no doubt that in this community, like elsewhere, many young people have difficulty in making the transition from school to work.

"Young people are further frustrated by the attitude of many employers who are unwilling to hire them for a variety of reasons, for example, lack of experience, alleged lack of discipline or the high cost of hiring. Many suggestions have been made on how to deal with these problems. Some are of the view that there should be a compulsory national Youth Training Service with the Defence Force for all young people for a minimum period of one year. There are others who violently object to any association of the Defence Force with Youth Training at all.

"Having considered all the views the Government has decided on the establishment of a National Integrated Youth Training Scheme underwritten and controlled by the National Training Board. This effort coordinated by the National Training Board will utilise all the existing specialist skills and equipment available in Barbados both in the institutional and non-institutional agencies and the Barbados Defence force will be contracted to provide specialist support in areas where they have considerable experience, such as in Navigational Skills.

"The National Training Board has designed a special Skills Action Programme to carry this Scheme into effect and special arrangements have already been concluded with the Defence Force to provide an alternative 240 hour special Training Scheme for young people who wish to combine traditional Skills Training with an option of semi-military training.

"There is one other area, Mr. Speaker, which I wish to deal with before I conclude on this section and it relates to the area of on-the-job training and vocational training in institutions. The Government is concerned about the need to expand the range of courses available at institutions such as the Polytechnic and the Community College. We are equally concerned about the need to encourage employers to carry out training as part of their normal responsibility for the upgrading of their work force.

"The Occupational Training Fund contemplated that grants could be given to institutions other than the National Training Board for the purpose of ensuring that Barbados' work force was

constantly kept up-to-date and also other institutions could be used for the purpose of expanding particular skills. BIMAP has drawn funds for the purpose of running specialised training programmes. The Government has informed the Ministry of Education as well as the Industrial Development Corporation and the National Standards Institutions of its willingness to consider applications from them for grants to carry out special programmes with the object of fulfilling the needs for an up-dated work force in Barbados. We are willing also to consider applications from employers.

"Mr. Speaker in order to finance the above programmes there will be an increase in the existing rate of the National Training Levy by .25 per cent from 1st June, 1985. This is expected to yield the sum of \$2 million.

SOCIAL SECURITY

"I have always held the view that the Unemployment Benefit Scheme and the Severance Payment Scheme should be integrated and should be so administered that the rights of workers would be protected without the schemes being a burden to employers. In other words, Mr. Speaker, such schemes should not deter employers from hiring additional labour.

"There is evidence that the present schemes are not as integrated as they should be and are in need of some re-organisation. However, Mr. Speaker, I have no intention of making any radical changes without prior consultation with all interested parties because I respect the rights of workers and their representative bodies as well as the rights of the employers. Therefore, in the near future, I will enter dialogue with the various parties on these matters.

"Nevertheless, I propose that certain minor but important changes on this occasion. The Unemployment Benefit Scheme has been accumulating funds at a rapid rate, and with effect from 1st June 1985, the rate will be reduced to 1 per cent. This change will result in contributors to the scheme paying \$7.0 million less in a full year.

"A similar situation has been developing with the Employment Injury Benefit Scheme, and I propose to extend the benefit which is payable during temporary disablement from 80 per cent to 90 per cent effective from 1st June, 1985. These changes will not jeopardise the ability of the Funds to meet their liabilities but will bring some measure of relief to the contributors while still providing adequate coverage for the workers.

"In addition, Mr. Speaker, I propose with effect from 1st June to extend the period over which a person can draw

Unemployment Benefit from 13 weeks to 26 weeks. This move will take care of those situations where because of cyclical operations, businesses are forced to lay off staff but will be taking them back within a reasonably short time. The intention is to provide enough breathing space for the businesses while at the same time covering the affected workers.

"In addition, Mr. Speaker, the benefit will be increased from 50 per cent to 60 per cent of the average insurable earnings. As a consequence of these changes, the minimum period of lay off or short time which should elapse before a claim of severance payment can arise will be extended from four weeks to 13 consecutive weeks of a series of 16 or more weeks, of which not more than 12 are consecutive, within a 26 week period.

SURVIVORS BENEFIT

"At present, the survivors benefit payable to children ceases at age 16. There were 446 children receiving benefit at the end of 1984 and it is considered that the age limit should be extended to 21 years to cover those children who are in full-time education in an approved institution at home or abroad.

MATERNITY BENEFITS

"The existing arrangement is that both males and females contribute to the National Insurance Scheme on the same basis. However, there are instances where the female does not satisfy the conditions for maternity benefits and it is felt that in such cases a maternity grant should be paid on the basis of the male's contributions. Therefore effective from 1st June, 1985, I propose to introduce such a grant.

"Honourable Members will recall that the Minister of Finance announced last year that non-contributory pensions would be maintained in the future at 80 per cent of the minimum contributory pension. He also announced that the contributory pension would be adjusted every three years, depending upon the strength of the National Insurance Fund.

"This year we intend to increase expenditure on house repairs for old persons from \$1.5 million to \$2 million. The Minister of Health is hoping to bring into operation, this year, the National Health Scheme, commencing with the age group 65 years and over. This will be dependent on agreement with the doctors on their terms and conditions of service.

"We also propose to provide an additional \$200 000 to support the expansion of the Home Help Service.

LICENSING FEES

"Mr. Speaker, last year a number of changes were made to the fees which the Licensing Authority collects from Public Service vehicles. A recent review of those

changes revealed a few anomalies which I now propose to correct. Effective from today, 7th May, 1985, Hired Motor Cycles, Scooters and Mopeds will pay fees as follows:

Permit Fee	Initial Tax	Annual Tax
\$2.50	\$150	\$125

"Representations have been made to the Ministry of Finance and Planning about the unfair competition which the Maxi Taxis have been providing for Mini-bus Operators. We believe that there is some justification in the complaint that there is open poaching by the Maxi Taxis which were never intended to ply routes like Mini-buses, but should operate from fixed points like all other taxis. In order to bring an end to this situation, Mr. Speaker, with immediate effect, all Maxi-taxis will pay the same fees as follows:

Permit Fee	Initial Tax	Annual Tax
\$2,500	\$1,200	\$1,200

"As a result of this change, Maxi-taxis will no longer be allowed to ply routes like Mini-buses. Consultation on this matter has taken place with the Commissioner of Police who has given the assurance that the law will be enforced. The fees have been reduced on the clear understanding that the illegal practice will cease, and I wish to state I am quite prepared to have the legislation amended to give the Magistrates authority to order forfeiture of the vehicles after three offences, if that becomes necessary. On the existing Maxi-taxis the annual loss of revenue will be approximately \$200,000.

CONCLUSION

"Mr. Speaker, the measures which I introduced this evening have been designed to stimulate economic activity, create additional job opportunities, restore our competitiveness, increase training for our young people, provide improved housing for our people and bring some measure of relief to businesses and individuals alike.

"These measures are expected to make a net contribution of \$35 million to the revenue as follows:

Additional Revenue	
Increased revenue from arrears and improvements	\$16.0m
Reimbursements from Health Levy Fund	\$15.7m
Reimbursement of the Transport Levy Fund	\$ 2.0m
Stamp Duty	\$10.0m
Training Levy	\$ 2.0m
	\$45.7m

Additional Expenditure

Personal Income and Corporation Tax Concessions	\$8.0m
Reduced Licence Fees	\$0.2m
Consumption Tax Concessions	\$1.3m
Agricultural Export Credit Fund	\$1.0m
Additional Home Help	\$.2m

	\$10.7m
Net Contribution	\$35.0m

"The concessions, along with the monetary measures will result in the handsome sum of \$72.8m being put back into the economy as follows:

Housing Funds	\$32.0m
Reduction in Unemployment Levy	\$ 7.0m
Concessions shown above	\$9.3m
Credit changes	\$24.5m

"Throughout the last nine years, we, in this country, have had to face a traumatic upheaval in the world economic order brought about by the phenomenal increase in the price of oil, which when coupled with the virtual collapse of commodity prices, has had devastating consequences on the global economy, and in particular on our Caircom trading partners.

"Yet, despite these revolutionary changes in the world economic order, through careful management and far-sighted policies, we have been able to maintain the economy and financial integrity of Barbados. Our critics have labelled our approach to financial management as risky but I would say this, unprecedented problems sometimes call for imaginative solutions and despite the messages of doom continually preached in this august Assembly, we neither resiled from our responsibility, nor panicked in the face of adversity.

"We sought to provide stability in the prevailing economic turmoil which made nonsense of many of the old tenets of economic theory and produced as many theories and solutions as there are economists. The policies we have pursued have been successful and our economy is once again on the move.

"Now that we are once again on the move, we must never forget that we are but a small nation and a small economy. We must forever remember, that our success depends on our ability to compete, our ability to work together and our ability to adapt to change. The structural changes that are necessary for us to be competitive are being put in place, Mr. Speaker, and I believe that this budget will set us on the road to opportunities and a greater ability to weather adversity in the future.

APPENDIX 1

TARIFF HEADING NO.	DESCRIPTION OF GOODS	RATE OF TAX
22.05	wine of fresh grapes; grape must with fermentation arrested by the addition of alcohol	\$2.50 Per Litre
22.06	vermouths and other wines of fresh grapes flavoured with aromatic extracts	\$2.50
22.07	other fermented beverages (for example cider, perry and mead)	\$2.50
39.06	reflective window film	Free
39.07	toilet dams	Free
73.38	low flow shower heads	Free
73.38	spring loaded and low flow faucet taps	Free
83.02	automatic door closures	Free
85.06	ceiling fans	Free
85.07	fluorescent fixtures	Free
85.19.9	time switches	Free
85.19.9	voltage reducers	Free
85.20	high intensity discharge lamps	Free
85.21	photocells	Free
85.21	photocell sockets	Free
85.25	insulation	Free

Opposition Response

Port-of-Spain TRINIDAD GUARDIAN in English 13 May 85 p 14

[Text]

BRIDGETOWN, Sun., (Cana):

BARBADOS Parliamentary opposition has said the 2.9 per cent real growth in output recorded in Barbados last year should not be taken as a strong indication the economy was recovering.

The 2.9 per cent growth which is being interpreted by Government as an important ray of hope, must be looked at with the greatest caution, declared Dr Richie Haynes, shadow Minister of Finance, in response to Prime Minister Bernard St John's \$829.9 million budget presented to Parliament.

The main sources of that growth came from sugar and tourism. "The sugar industry is bankrupt. Tourism, despite an increase in the number of persons who came to Barbados last year, is in serious financial trouble and needs substantial and urgent assistance," said the opposition spokesman.

The figure marked a turn-around of the island's economic fortunes after successive declines in the Gross Domestic Product (GDP) in 1981 and 1982 and stabilisation in 1983.

In presentation to Parliament, Dr Haynes criticised existing income levels which he called a major disin-

centive to production. He said his Democratic Labour Party (DLP) was committed to lowering taxes if it is elected to form the Government.

He said the Budget, by not increasing allowances and adjusting the tax bands, would bring about an increase in income tax this year because wage increases would put some workers in higher tax brackets.

Dr Haynes criticised the islands national debt level and questioned the figure of \$882 million given by Mr St John. That figure was up to March 31.

Dr Haynes, quoting a Central Bank report, said the national debt at December 1984 stood at \$950 million — \$365 million representing the external debt and \$365 million the domestic debt.

"But I am saying that not even the \$950 million represents the total national debt," he declared.

"Our external debt is a serious problem and there is little point producing a little figure excluding the Central Bank debt and the public guaranteed external debt and then telling us that the debt service is 2.9 per cent," he said.

CSO: 3298/684

BARBADOS

ASPECTS OF NATION'S ECONOMIC PERFORMANCE REPORTED

Central Bank Statistics

Bridgetown BARBADOS ADVOCATE in English 15 Apr 85 p 1

[Article by Jewel Brathwaite]

[Text]

Barbadians have continued to increase their savings in record amounts at commercial banks in the island, according to the latest Central Bank statistics.

The March edition of the bank's publication "Economic and Financial Statistics" shows that for January this year a record \$459 770 000 had been deposited by private individuals at the commercial banks in the island.

This was \$27 million more than deposits made for the corresponding month last year, according to the publication. In January 1984 private individual accounts stood at \$432 095 000, while in January 1983 these deposits stood at \$406 431 000.

Throughout last year the deposits increased steadily reaching \$457 042 000 by year-end the bank had reported that the rate of growth had risen from 4.2 per cent to 5.0 per cent.

The bank's publication also gave an update on other statistical information relating to the country's national debt, foreign reserves, and central bank and commercial banking activities.

Up to the end of January this year Barbados' national debt stood at \$945.1

million, a slight decline from \$950.9 million at the end of last year. In January 1984 the national debt was \$857.6 million.

The country's foreign reserves rose to \$245.7 million, up from the \$241.6 million at the end of last year. For the corresponding period last year the foreign reserves were pegged at \$231.5 million.

The report also shows an increase in commercial bank consumer installment credit for home improvement and real estate.

Meantime the \$120.1 million owing to Barbados under the Caricom Multilateral Clearing Facility (CMCF) continues to stand out in the bulletin.

While there have been changes in the other foreign assets of the bank, there has been none with regard to the CMCF, which was set up to facilitate regional trade transactions, but was suspended in 1983 when it reached its limit of US\$100 million.

When the facility was suspended Barbados had \$130.1 million outstanding but some \$10 million of the amount was repaid in October 1983.

1984 Growth

Bridgetown CANA in English 1822 GMT 27 Apr 85

[Article by Reudon Eversley]

[Text] Bridgetown, April 27--The Barbados economy, as measured by total output of goods and services, grew in real terms of 2.9 percent in 1984, continuing the recovery started in 1983 after two successive years of decline, according to the government's annual economic report.

"This growth was facilitated by the expansion of output in two of the major sectors of the economy, sugar and tourism, in spite of a decline in real output in the manufacturing sector," the report said.

Prime Minister Bernard St. John tabled the 108-page document in the House of Assembly last week in advance of his maiden budget presentations as Minister of Finance on May 7.

"In real terms, GDP (Gross Domestic Product) was \$773.2 million (Bds\$1 equals 50 cents US), growing by 2.9 per cent over 1983. This outturn was more favourable than that in 1983 when GDP rose by 0.05 per cent," the report said.

Per capita GDP in 1984 was estimated at 8 218 as compared with 7 541 the previous year.

Inflation continued to slow down during 1984, ending at 4.6 per cent compared with 5.2 per cent the previous year. Unemployment, as a percentage of the labour force, increased to 17.1 per cent from 15 per cent at the end of 1983.

After posting moderate balance of payments surpluses in 1982 and 1983, last year saw a deficit of \$1 million. This stemmed from substantial capital outflows in the form of government and private debt repayments against substantially reduced levels in net capital inflows, the report said.

After successive declines in 1981, 1982 and 1983, sugar production made a strong comeback in 1984, rising in real terms by 17.6 per cent.

Production reached 100 393 tonnes, up 21.3 per cent on the 1983 total of 82 800 tonnes. Foreign exchange earnings to the industry increased by \$8 million which would have been higher were it not for poor export prices.

"The contribution of sugar to GDP was \$59 015 million in nominal terms. This was some \$2.1 million higher than in 1983, but with GDP growing at a quicker pace in 1984, the contribution of the sugar sector to GDP was 2.8 per cent, a smaller proportion than the 3.0 per cent in 1983," the report said.

In tourism, Barbados' number one industry, there was an increase in both arrivals and spending compared with 1983. Expenditure was estimated to have grown by 12.9 per cent over the 1983 levels to \$568.3 million while net long-stay arrivals were up 12 per cent to reach 367 652.

However, cruise ship arrivals were down 3.3 per cent to 99 166 from 102 519 in 1983. This was the fourth consecutive annual decline.

"Provisional estimates indicate that tourism's contribution to GDP in nominal terms rose by 10.8 per cent from \$186.5 million in 1983 to \$206.7 million in 1984," the report said.

"In real terms, however, the tourism sector recorded a 7.0 per cent increase in GDP following 2.0 per cent and 14.0 per cent declines in the real rate of growth in 1983 and 1982 respectively," it went on.

The report said manufacturing where output fell by 3.8 per cent, was the only sector which went into decline during 1984. This was blamed on the contraction of the vital CARICOM market as a result of trade protectionist policies, severe foreign exchange problems in some member countries, as well as slackened domestic demand.

Manufacturing output in 1984 in nominal terms rose by 10.6 percent, buoyed mainly by increased activity of 35 percent in the electronics sub-sector. If the metal products and assembly type goods sub-sector is excluded from manufacturing for 1983 and 1984, the overall nominal growth of the sector for the two years is zero, the report said.

It went on: Measured in constant prices, output in the manufacturing sector fell by 3.5 percent from 93.5 million dollars in 1983 to 90.2 million.

In nominal terms, the manufacturing sector's contribution to GDP in 1984 was 264.1 million dollars or 12.7 percent, according to provisional estimates.

With regard to trade, there was continued narrowing of the visible trade deficit which stood at 538.7 million dollars compared with 540.5 million in 1983.

This modest improvement followed the increase in re-exported goods from 135.9 million dollars in 1983 to 203.7 million in 1984, the report said.

It went on: There was virtually unchanged performance of domestic exports (valued at 538.7 million dollars in 1984 against 581.6 million in 1983), while imports rose more quickly from 1.258 billion dollars in 1983 to 1.326 billion in 1984.

Total exports were valued at 787.4 million dollars, up 9.8 percent on the 1983 value of 717.4 million.

Barbados' pattern of trade distribution was not significantly altered during 1984, with Caricom (the Caribbean Community) and the United States remaining the island's major trading partners.

Exports to the U.S. decreased by 10.2 percent or 24.6 million dollars to 217.2 million dollars. In all, the U.S. market absorbed 27.6 percent of total Barbadian exports in 1984, down from 33.7 percent in 1983.

Exports were mainly electronic components, but other commodities such as furniture and rum began to make some headway, thanks to the Caribbean Basin Initiative (CBI), Washington's economic development programme for the region which offers most regional exports 12 years duty free to the American market.

Exports to Caricom totalled 175.9 million dollars, at 26.5 percent increase over 1983. Trinidad and Tobago, the main regional trading partner, accounted for 74.7 million dollars or 42.5 percent of Caricom exports.

Barbados bought 113.2 million dollars worth of Trinidadian products. There was a visible trade deficit of 38.5 million dollars with Port-of-Spain.

With regard to public finance, the government recorded a current account deficit of 14.1 million dollars, reversing a surplus position of 22.8 million dollars for fiscal year 1983/84. This followed a steep rise in expenditure which was not matched by a corresponding rise in revenue, the report said.

The overall deficit rose to 142.7 million dollars, up from 104.3 million in the 1983-84 fiscal year. The total deficit was financed mainly from domestic sources.

The national debt stood at 950.9 million dollars at the end of 1984, up from 861.3 million at the end of 1983. A domestic debt of 586.6 million dollars accounted for 61.6 percent of total debt.

Decline in Government Spending

Bridgetown DAILY NATION in English 29 Apr 85 p 20

[Article by Tony Best]

[Text]

UNLIKE what has happened throughout Latin America and the Caribbean in the decade ending in 1982, the Barbados Government's total expenditure as a percentage of the country's Gross Domestic Product (GDP) has declined.

According to the Government's Statistics Yearbook, a publication of the International Monetary Fund, the Barbados Government's total expenditure in 1982, amounted to 31.8 percent of GDP. In 1972, the Government's outlays amounted to 35 percent of GDP.

This effort to reduce Government expenditure was highlighted when one compared the amount spent in 1982 with the amount for the year before. In 1981, the year of a general election, Government expenditure jumped by almost three percent of GDP, moving from 30.2 percent in

1980 to 33.08 percent in 1981, only to fall in 1982, a period when Barbados had sought IMF help to deal with its balance of payments problems.

In 1976, another election year, Government expenditure as a percentage of GDP also went up. For instance, in 1975, the figure was 29.3 percent but in the following year it moved up to almost 32 percent. It climbed even further in 1977, moving to 32.2 percent.

Barbados' 1982 Government outlays were below the western hemisphere average of 32.9 percent of GDP. However, they were on par with the 31.5 percent average for all non-oil producing developing states.

While Barbados' rate was going down in the ten-year period that of Brasil was moving from 28.8 percent in 1972 to 35.9 percent in 1982 and Honduras' from 15.7 percent in 1972 to 36.7 percent ten years later.

Among industrial nations, the United States spent 38.3 percent of GDP in 1982 as compared with 32.7 percent in 1982 and Britain 49.8 percent in 1982 and 42.6 percent ten years before.

Ancitipated Growth

Bridgetown CANA in English 2247 GMT 29 Apr 85

[Article by Hallam Hope]

[Text] Bridgetown, April 29--The Barbados economy is expected to grow between two and three percent in 1985, for the second successive year, the Central Bank of Barbados announced on Monday.

Growth will come mainly from an expected nine or ten per cent increase in tourist arrivals, bank governor Dr. Courtney Blackman said, in presenting the 1984 annual report to a news conference.

The economy grew by 2.9 per cent last year after three years without any expansion. Dr. Blackman described the projected growth rate as significant.

Tourism, Barbados leading foreign exchange earner, provided \$568.3 million in revenue last year — 12.9 per cent more than in 1983. Long-stay visitors reached 367,652, up 12 per cent, most of them Americans.

The bank's report said Barbados should continue to benefit through 1985 from the spin-off of recovery in the international economy. It said the U.S. and Japanese economies were expected to grow by about five per cent while Western economies should expand at slightly slower rates.

But the report said Barbados prospects would improve if the U.S. dollar, to which the Barbados dollar is tied, were to fall back against the European currencies.

The bank said prospects for manufacturing would depend on the exploitation of new markets in the United States and Europe.

In this respect quality, reliable delivery schedules, and conscientious attention to after sales service, will be critical factors, the report added.

It continued: "Should Caricom countries honour the terms of the Nassau Agreement, Barbadian exports to Trinidad and Tobago, which remained flat in 1983 and declined 16.4 per cent in 1984, would certainly increase."

The Nassau Agreement, signed by Caricom Heads of Government at their last meeting in Bahamas last July, called for the removal of protectionist policies and implementation of other measures by January 1 this year aimed at boosting intra-regional trade.

Earlier this month, Caribbean Common Market countries set June 1, 1985, as the new date to fulfil the agreement.

The bank said it would redouble its efforts to rebuild the country's foreign reserves during 1985.

Improvement in the country's foreign exchange position is now critical because of the bunching of foreign debt repayments during 1985 and 1986, the annual report said.

The success of the Bank's efforts to rebuild its foreign reserve position will ultimately depend on a non-expansionary fiscal stance by the government, it added.

Bridgetown BARBADOS ADVOCATE in English 1 May 85 p 2

[Text]

Barbados has been described as being "one of the few solvent developing countries in the world."

The praise came from Central Bank Governor Dr. Courtney Blackman on Monday at a press conference where he presented the bank's annual report for the financial year 1984.

Dr. Blackman said the 2.9 per cent growth recorded by Barbados' economy last year, with a similar growth expected this year, had to be considered significant because it was the first real economic growth the island has recorded since 1980.

He stated that since 1981 the island has weathered some "difficult times" although many Barbadians did not seem to believe this.

Dr. Blackman said that despite his calls for belt-tightening, those Barbadians who were working "still keep on spending" and have been able to obtain significant wage increases which have contributed to the relatively high level of unemployment, now standing at about 18 per cent.

He noted that the island's foreign debt has risen sharply in recent years and was now at a level where it had to be watched "very carefully."

Dr. Blackman said that despite these problems, "Barbados is still one of the few solvent developing countries in the world and I hope we can keep it that way."

He stated that the Central Bank was committed to nursing the recovery of Barbados' economy and intended "to do all in its

power to ensure that the productive sector of the economy are not starved of finance."

These efforts will include providing the Barbados Development Bank (BDB) with funds for the rescheduling of loans to manufacturing and tourism enterprises still suffering from cash flow problems.

The Central Bank's Industrial Credit Fund will also continue to support the medium and long-term lending of commercial banks.

This fund was established in 1983 with funds from Bds\$21 million loan agreement between Government and the World Bank. It has already committed \$11.9 million to projects in the manufacturing, agro-industry, tourism and fisheries sectors and by the end of last year had disbursed \$3.5 million of this.

A sharp increase in disbursements is expected during the first half of this year when some of the large projects which have been approved for funding will come on stream.

Dr. Blackman also said the Central Bank's Export Credit and Guarantees Department "will aggressively support export promotions and efforts to expedite payments from overseas customers."

Additionally, the bank will amend its pre-shipment finance guarantee scheme to provide further incentives for exporters and will introduce a secondary mortgage facility to increase the flow of funds into residential mortgages.

Fiscal Incentives

Bridgetown BARBADOS ADVOCATE in English 3 May 85 p 1

[Text]

The Barbados Government will find ways of renovating and enhancing its fiscal incentives packages for industry if by the time of the Caricom Heads of Government Conference in July no date is set for a review of the expired Harmonisation of Fiscal Incentives Agreement.

Prime Minister Bernard St. John made this point Wednesday night during a question-and-answer session at a reception hosted by the Industrial Development Corporation (IDC) for the management of the off-shore industrial and financial sectors in Barbados.

The informal discussion, in which Industry Minister L.B. Brathwaite also participated, was part of the IDC's efforts to achieve greater understanding of the problems and needs of investors with a view to providing more effective assistance. These sessions, which are held at regular intervals for different industrial subsectors, also provide the opportunity for the IDC to clarify various aspects of Government's industrial policy.

During the discussion, Mr. St. John said that the Government had recommended a number of changes to the fiscal incentives provisions of the expired Caricom agreement, but to date, the Caricom Council of Ministers had not been able to ratify a new agreement.

The Prime Minister said that greater flexibility was necessary because "We are competing not only with the developing

world, but also with depressed areas of the developed world, arising out of structural changes in industry."

He recognised that these countries were offering substantial benefits to prospective investors.

The Prime Minister also promised Government's assistance to industries that were trying to maximise their use of plant and equipment through the implementation of the three-shift system.

He said that bus and mini-bus transportation was sufficiently well-developed to meet the requirements of the Ministry of Labour, that people who finished work between 10 p.m. and midnight should have transport available to them.

The Prime Minister also urged the off-shore businessmen to press their case for off-peak electricity rates to reduce their electricity costs. He promised that Government would be willing to look at any feasible suggestions for slowing the rate of cost increases in Barbados.

Chairman of the Electronics and Data-processing Group, Mr. Gene Malatesta, also addressed the gathering. Mr. Malatesta, who is manager of Intel Barbados Ltd., said that he welcomed the opportunity to discuss issues with Government officials. He said that such interaction would enable them to "pull together as a team." Mr. Malatesta described teamwork as important if Barbados is to remain competitive on a cost basis with other parts of the world.

CSO: 3298/685

BELIZE

ESQUIVEL, THOMPSON COMMENTS ON DRUGS SITUATION CRITICIZED

Thompson's 'Confusion'

Belize City THE BELIZE TIMES in English 28 Apr 85 pp 4, 9

[Text] Facing three friendly men-of-the-cloth, personally selected by him, the Minister of Home Affairs to the air waves and television to inform the public what his policies were as regards "marijuana eradication."

At the end of the show the public was hardly better informed. Except for grinning and stating that "sinsemilla" was the seedless variety of marijuana, Thompson accused the Belize Police Force without making any exception, of corruption. A shocked public then heard the Minister advise them to call the same "corrupt police" to report any suspicious movement by suspected drug traffickers. Minister Thompson said that he would bring forward legislation to seize peoples bank accounts if they were convicted of drug-related crimes.

However, on the question of aerial spraying of the marijuana fields the Minister was notably silent. Nor did the men-of-the-cloth question him on spraying, nor did they mention the fact that absolutely no spraying was done since the new government had taken office.

Although Thompson kept repeating himself throughout the show and at times appeared a bit of a clown it was no laughing matter when he disclosed that he had "instructed the police" to arrest a suspected drug trafficker who threw money at the police.

Political "instructions" to arrest are alien to our system. The minister may call for an investigation but he cannot order nor prevent the arrest of any-

one. Law enforcement officers should enforce the law without fear or favor.

Just after Thompson's show on radio and television there is a complaint by a mother charging a close relative of Thompson with rape of a young child. To this date no arrest has been made by the police.

The public is wondering whether this is also a case of "instruction to the police". We will watch this one carefully.

Questions for Esquivel

Belize City THE BELIZE TIMES in English 28 Apr 85 p 12

[Text]

The previous government stopped the spraying of marijuana because of the public outcry. The most vociferous opposition came from the UDP and its allied press.

This newspaper agrees that marijuana poses a serious threat to the very fabric of society, and particularly the younger generation. It is imperative that every effort is made to deal with this problem. However, past experiences suggest that paraquat, or any defoliant, is not the answer. The United States has learnt this lesson a long time ago and today they dare not spray their vast fields of marijuana with paraquat.

Prime Minister Esquivel has lent the weight of his office and his own personal training to support the plans of his government to use paraquat at the insistence of a foreign power. This is painful and our people will suffer the consequences regardless of what Esquivel or anyone says.

Prime Minister Esquivel told the press Wednesday that his government was now awaiting an environmental impact statement before proceeding with the spraying.

Who is undertaking this environmental study? And why have we not been told? Are any Belizean experts involved in the study?

The Belizean people must be given the opportunity to challenge the results of this study before any spraying starts if the study comes out with the foregone conclusion that paraquat is harmless.

CSO: 3298/667

BELIZE

U.S. 'ATTACKS' ON BELIZE OVER DRUGS ISSUE ASSAILED

Belize City THE BELIZE TIMES in English 28 Apr 85 pp 1, 8

[Text]

The more one thinks of how Belize and the Belizean government are linked to the Joe Briceno case, the more sinister it becomes. The Drug Enforcement Agency of the United States (DEA) through the Miami Herald, Time Magazine, the Voice of America Radio Station and the CNN TV are doing a really good job of slaughtering Belize internationally.

These news media so describe Belize to be unmistakable, then link it to drug traffic. They describe

Belize as a tiny country bordering Mexico and Guatemala, recently independent in 1981, formerly British Honduras. Then

they flash scenes of Belize over CNN internationally. They flash marijuana fields Belize City canals, dilapidated houses and street scenes - none to enhance the image of Belize.

Then to strengthen its arguments, the

DEA accusingly points to the former government's withdrawal from the paraquat spraying programme, which, it claims, resulted in tripling the production of marijuana, thus making Belize the fourth largest marijuana exporter to the United States. That Joe Briceno was a minister and cabinet member of the former go-

vernment, the accusation goes, owning large marijuana producing fields, with airstrips for drug smuggling, protected by law enforcement agents and would not be disrupted even by his loss at the polls suggests that the government (past and present) gives or can give the protection required for marijuana exportation. In short, the suggestion is that Belize is a major drug producer and its government protects or can protect shipments to the US. The DEA, therefore, must step in to stamp out this traffic at whatever cost, among which are flashing internationally the minister's arrest, leading him from the court in chains and discrediting the country and its government.

First and foremost, Belize cannot and must not allow itself to be crucified by the DEA or the news media. Belize needs to be defended and protected - by its government and by its citizens. secondly, Joe's arrest is a legal matter and will be dealt with by the courts.

But by the DEA's own account, Joe Briceño was arrested without a struggle, he offered no resistance and he carried no gun. No money was found on him and no marijuana was shipped. Yet he was in chains as he left the court. Are the rights of this Belizean protected, and is his treatment commensurate with his charges? I have seen serious criminals, such as multiple killers, dangerous criminals and killers of great personalities under arrest. But none in chains. Yet Belize, and one of its citizens are being reported on and flashed all over the world without a protest from our government; and whatever the damage, these media will not lift a finger afterwards to repair the image of Belize they now butcher.

Why humiliate Belize? To what purpose? the US has a million and one ways of pressuring Belize without humiliating it in the process. Why destroy us even before we merge as a nation?

But so it is..While Belize suffers international humiliation, the UDP government with its supporting radio, newspapers and TV only humiliates Belize and its citizens further. As to defending the country, it only twists and twiddles in total impotence.

(Dr Theodore Aranda is Leader of the Christian Democratic Party of Belize)

[Editor's Note: No authorship is given for this item, although the implication of the final parenthetical paragraph is that it was written by Aranda]

CSO: 3298/667

BELIZE

ESQUIVEL PRESS CONFERENCE COVERS VARIETY OF TOPICS

Economic Issues

Belize City THE BELIZE TIMES in English 28 Apr 85 pp 1, 7

[Text]

The Prime Minister casually reveals to the public in his monthly press conference that in the first quarter of 1985 his government failed to pass the economic test set for Belize by the International Monetary Fund (IMF). He went on to pretend that the consequences of this failure are obscure and uncertain and in some way depends upon the outcome of negotiations with the IMF. He also revealed, equally casually, that the area of failure was overspending on the part of his new government.

There are many precedents throughout the world from which the Prime Minister could be informed of the consequences of his failure, as Minister of Finance, to meet goals set by the Fund. In almost every single case where a failure such as this took place the IMF has withheld its funds until the delinquent country agrees to introduction of measures dictated by the IMF. The idea that meaningful negotiations occur is a farce which Belize had better quickly learn, for those countries which failed to understand this, did so at their peril. Moreover, the measures dictated by the Fund on almost every occasion fall into a regular pattern which inescapably includes devaluation of the currency of the defaulting country. Belize can therefore expect a devaluation of the Belize Dollar after the June inspection by the IMF of the Belizean government's performance.

It's difficult to believe that the Prime Minister as Minister of Finance, is truly ignorant of this scenario played and replayed in every country in the developing world. Despite his obligation to defuse public anxiety and to avoid speculation in the currency market-place, he remains honour bound to achieve these goals without deliberately misleading the people. Although circumstances may prevent him from making full disclosures, in doing so, he is bound not to deceive.

In the discharge of this duty not to misrepresent facts, the Prime Minister is quickly developing a poor track record. It is fair to recall his re-

butal of his Foreign Minister's declaration of Santiago Perdomo as a security risk. The Prime Minister's statement that there are 47,000 registered aliens in Belize, is so obviously false that it is disproved every time one walks on the streets. His denial in the very press conference that beer and soft drinks were not restored to the price control list, is a lamentable and dishonourable deception - when the Gazette of last Saturday publishes the new regulations over the signature of his Minister. These unforgivable acts, clearly calculated to deceive the public, establish a standard of veracity unacceptable from a Prime Minister and damaging to the public reliability of his government.

The pretence of ignorance about the consequences to the Belizean economy of his failure to meet the IMF goals is also unacceptable when these consequences are so well known worldwide. Devaluation will follow in Belize like the night follows the day. This pretentious announcement takes on even more revolting aspects when linked to the declaration made a few days ago by Ambassador Barnebey of the United States of America in an address to students of St John's College, categorically denying that the Belizean dollar would be devalued.

It is a strange and foreboding event when an agent of a foreign government considers it appropriate to make public pronouncements on Belizean domestic affairs which involve an expression of the intention of the Belizean government. It is shameful that this diplomat fails to exercise the customary discretion exercised in the conduct of diplomatic affairs and that his host government should gleefully allow and encourage this quality of disrespect for Belizean sovereignty.

The declaration is not without significance for the Belizean people. It replays a drama well etched on the mind of many Belizeans which occurred some thirty-five years ago with different characters, when British Honduras was a British colony and before it became a colony of U.S.A. in December 1984.

It was Colonial Secretary Oliver Stanley who, upon his introduction to immortality, upon lending his name to Stanley Field (now the Belize International Airport), declared in 1949 to Belizeans that the Belizean dollar would not be devalued. Later that year the British Government made the same denial on the floors of Parliament. In the face of those declarations and on an occasion when all and sundry excitedly anticipated the customary regal honours to be announced, on New Year's night, the Governor of Belize announces that on the 1st January 1950 the dollar was no longer a dollar. A similar denial by Pro-consul Barnebey ominously suggests a repetition of the same scenario. This is now to be

regarded as a certain confirmation of a further devaluation of the Belizean dollar in 1985, thirty-five years after the first.

Every political sleight-of-hand will be employed to attribute this event to the former PUP Administration; to attempt to escape responsibility for the wastage of the last four months; to attempt to pass the buck although during the height of the world crisis, when other currencies fell like flies, by the skill and good husbandry of the PUP Administration the Belizean dollar was protected from devaluation and moved toe to toe with the American dollar as it appreciated in value. As the value of the US dollar increased the Belize dollar increased along with it.

The truth about the performance of the new government is revealed by the figures published in the very same Government Gazette for it shows how the treasuries of the country were plundered and the foundation of the economy rocked. The private sector was made to contribute to this spending spree when all commercial banks were required to increase their deposits with the Central Bank, stripping the private sector of the economy, between December 1984 and March of this year, of over \$7 million. Belize government debentures increased in the first quarter of 1985 from \$2.9 million to \$4.7 million. Belize government treasury bills from \$15 million to \$31 million. Where has all this money gone?

Every project which this new government has announced comes from the bounty of the previous administration and in each case funding had already been arranged. Where has all this money gone? There is no new building to be seen nor new road project into which this money could have been spent. There are no new farms or industry. There is no evidence of new jobs. There are new travel allowances. There are new vehicles. There are newly-decorated offices. There are newly filled pockets. There are new travel schedules for government ministers. But there is no new development for the benefit of the people and the financial reputation of the country with the IMF has been damaged, if not lost.

The 2 percent increase in the cost of living announced in the new budget was only the beginning. It foretold new levels of increased cost of living. It promises a new quality of hard times unknown to Belizeans over the last thirty-five years. The devaluation of our dollar in June of this year promises starvation such as our people have never seen, even in the colonial era. Esquivel confesses!

AMANDALA Report

Belize City AMANDALA in English 26 Apr 85 p 3

[Text]

BELIZE CITY, Wed. April 24

The Prime Minister of Belize held a press conference this morning at Radio Belize which was attended by representatives of the local and foreign press. Questions were raised on a variety of subjects, including the relationship of Belize with the International Monetary Fund (IMF), illegal aliens, the Voice of America transmitter in the south, the economy, the budget, and the proposed aerial paraquat spraying of Belize's marijuana fields.

Mr. Esquivel was in very good form; his responses as usual were carefully worded but nevertheless explicit and forthright. Particularly noteworthy are his statements that there are about 47,000 registered aliens in Belize, who comprise about 30% of our population (half of the 47,000 are Guatemala-

ans), and that the marijuana problem is so great it is more dangerous to Belize's independence than the Guatemalan claim.

The conference was preceded by Chief Information Officer Norris Hall's reading of a fairly long background paper while he sat side by side with the Prime Minister on national television. It seemed as if he was conducting a lecture and the P.M. was his aide. This was bad imagery in our opinion and should not be repeated.

The background paper should have been prepared and circulated well in advance of the press conference and CIO's role properly should have been only to introduce the Prime Minister, specify ground rules if any, and perhaps call on the questioners if the P.M. so preferred.

CSO: 3298/668

BELIZE

THOMPSON PROMISES NEW MEASURES TO CONTROL IMMIGRATION

Belize City THE REPORTER in English 28 Apr 85 p 1

[Text]

NEW MEASURES to tightened up on the open-door immigration policies of the old government will be introduced shortly in the House of Representatives.

Mr. Curl Thompson, Minister of Home Affairs, said Wednesday night he will be introducing new legislation almost immediately to stem the tide of illegal alien immigration which threatens to submerge Belize's identity, and to make it more difficult for immigrants to obtain Belizean citizenship.

The Minister expressed alarm at the figure of 47,000 aliens now in the country, which he said represents two out of the every seven persons. Mr. Thompson, who was the guest speaker at the annual general meeting of the Belize Library Association,

said he was satisfied that the alien situation was a deliberate set-up to undermine the stability of Belize by outnumbering Belizeans in their

own country. The policy of alienizing Belize was started in 1979, he said, and carefully kept under wraps so as not to alarm Belizeans.

"The percentage of illegal aliens in our country today has surpassed our wildest expectations," Mr. Thompson said. "They can, in the next five years or so, control the destiny of our country...."

"I want to make it as difficult as possible for these people to become Belizeans", he said.

The shattering news that there were some 47,000 aliens currently living in Belize, has been the hottest topic of

discussion ever since the Prime Minister, Mr. Manuel Esquivel announced the figures at his monthly press

conference last Wednesday. Alarming as the level of inflow is, the situation is even more critical because there are many illegal aliens who are not included among the 47,000, which is a record only of documented strangers because of the worrisome flow of Belizeans who continue to leave their homeland.

Mr. Thompson in his address to the Belize Library Association said that there are 400 Belizeans who leave the country every month with legal documents. It is not known how many of these stay away.

Investigations show that of the 46,780 aliens now registered in Belize 10,853 are

Guatemalan and 7,859 are Salvadorans. The other 28,000-odd are of other nationalities.

The Reporter chart below shows the demographic position as at the end of 1985.

In the three year period ending March 1985 there have been more than 1900 applications for citizenship. Of these 1,054 came from Guatemalans who claim residence of five years or more in the country, and two hundred and eighty (280) came from Salvadorans. The other applications amounted to 571. During the same period some 1360 aliens applied for permission to reside in Belize. Here again the Guatemalans headed the list with 426 applications. There have been applications from 256 Salvadorans and 681 applications from other nationalities.

BELIZE

INITIAL SUCCESS SCORED WITH VEGETABLE EXPORTS TO U.S.

Belize City THE REPORTER in English 28 Apr 85 p 14

[Text]

AFTER six weeks of harvesting in the first large-scale gardening effort to supply winter-fresh vegetables to the U.S. market, Mr. Dough Fox the man behind the joint enterprise venture, reported that 364,700 pounds of vegetables had been shipped by air during the eight week period of February 12 to April 11 and had been well received in the United States.

The shipments consisted - of table cucumbers, pickle cucumbers, bell peppers, okra and tomato. The cucumbers shipped represented only about half of the total crop. The okra and the pickle cucumbers received very high ratings.

Eleven Caribbean and Latin American countries have begun a programme of producing fresh

vegetables for sale in the U.S. during the winter season. Some quite large acres have gone into production in the Dominican Republic and Honduras, where the shipping facilities are much better than they are in Belize.

In Belize the problem continues to be the high cost of shipping. All shipments so far have been made by air since container shipments through the Belize Port Authority have proved to be unworkable because of the economics of the situation.

In the vegetable export drive two Mennonite communities participated as well as five other farming entities. Some 90 persons were employed as pickers during the six week harvest period.

CSO: 3298/668

BELIZE

DISPUTE OVER CATTLE EXPORTS, SUPPLIES ESCALATES

Political Implications

Belize City AMANDALA in English 26 Apr 85 p 1

[Text]

BELIZE CITY, Fri. April 26

The cattle industry confrontation between the Belize Livestock Producers Association and Belize Meats Ltd. is becoming a political crisis second only to the marijuana/paraquat controversy.

The newspaper had a detailed study of the cattle controversy prepared late yesterday evening, but space considerations forced a delay of publication until next week.

Supplier-Abattoir Row

Belize City THE REPORTER in English 28 Apr 85 pp 8, 15

[Text]

In an angry rebuttal the Belize Cattle Producers Association this week denied a claim made by Belize Meats Ltd. part-owners of the Ladyville Abattoir, that there was a shortage of suitable cattle in Belize for slaughter.

Belize Meats said last week that it was obliged to import meat from Honduras in order to meet its contractual commitment to British Forces Belize because it could not obtain suitable animals for slaughter."

"This is definitely not the truth", a sharply worded announcement from the BCPA released to the Press on Tuesday snapped.

"There has always been adequate supplies of fat steers 800 pounds and over

in Belize, but they are not available for the cheap prices that Belize Meats Limited wants to pay our cattlemen...."

"There have been, and still are available, suitable animals which cattle producers are prepared to sell for 80 to 85 cents per pound on the hoof but not at the 70 cents per pound that the abattoir is offering."

The release from the Belize Cattle Association goes on to call the Belize Meats statement "dishonest and misleading".

When the story broke last week that Belize Meats Limited had imported some 10,000 pounds of boneless meat from the Republic of Honduras, a company spokesman, Mr. Louis Liu, readily admitted that his company had indeed imported the meat. He told the Reporter the meat had been imported for the British Forces in Belize because the company was unable to find sufficient local steers of the desired weight of 750 pounds and over.

Mr. Liu told the Reporter that even though food supplies for British Forces Belize are not subject to import restrictions, the

Central Bank wanted to see an import permit before it would release the foreign exchange necessary to make the purchase. To satisfy the Central Bank, an import permit for the meat was obtained from the Supplies Control Office in Belize.

The report that the Supplies Control Office had actually issued a permit to import beef into Belize, a country which for years has been fully self-sufficient in cattle, produced rumbles which reached Cabinet level this week. At his monthly press conference on Wednesday the Prime Minister, Mr. Manuel Esquivel said that in fact no import permit had been given for Belize Meats Ltd. to import beef.

It is not known what was the landed price of the special cuts of boneless meat imported from Honduras was, but cattlemen are sore as hell.

"Even the cheapest cuts of dressed meats imported from Honduras would cost more than choice cuts of local beef if the animals were bought at 85 cents a pound live weight", one cattleman pointed out.

Government Probe

Belize City THE REPORTER in English 28 Apr 85 p 16

[Text]

Prime Minister Mr. Manuel Esquivel has said that Cabinet is taking up the complaints of cattle producers in the country who claim that they are being victimized in favour of the Ladyville Abbatoir. At his news conference on Wednesday he said Cabinet had named a four man team to go into the problem.

"We need to try to

arrive at a consensus as to what is meant by a sufficient national herd", Mr. Esquivel said in answer to a question on the cattle industry.

"That seems to be at the heart of the matter. There is a lack of consensus as to what constitutes a self-sustaining national herd.

"However, because

we are very concerned over the problem, the Cabinet has appointed a four man team which has been charged with the responsibility of sitting down with the Minister of Natural Resources to review the policies which are now in place, with a view to finding a solution to the problems faced by the industry."

Impact of Export Restrictions

Belize City THE REPORTER in English 28 Apr 85 pp 10, 15

[Text]

A position paper put out by the Belize Livestock Producers Association says that the government restrictions on the exportation of cattle will cost cattle producers \$5,500,000 a year in lost sales and rob the cattle industry of all of its dynamic growth potential.

Cattlemen arrive at this figure by pointing to the record of sales to Martinique and Mexico during 1984. Martinique, the records show, bought U.S. \$2.2

million worth of live animals including cattle and horses, and arranged the shipping from Belize. The shipping also produced an additional bonus, and last year these cattle boats also carried more than 300,000 pounds of rice and other cargo. These buyers from Martinique buy regularly; they pay cash, and they pay in U.S. dollars.

Mexico buyers also pay cash. They buy the animals on the farm and they pay a

better price than Belize Meats Ltd. is prepared to pay—up to 85 cents a pound on the hoof. Last year cattle sales to Mexico exceeded \$1,500,000 Bze.

Cattle raisers are hurting also from a government injunction which went into effect in early April prohibiting the free movement of slaughtered animals from Cayo district into Belize City. Since Belize City consumers 75 per-cent of all the beef which is

slaughtered, and since the Belize Meats Abbatoir is the only place authorized to slaughter animals within Belize district, the effect of this injunction is to provide Belize Meats Ltd. with a monopoly of the Belize City beef market.

It also forces cattle raisers to sell their animals to Belize Meats for an artificially low price when there are other buyers willing and able to pay better prices.

"This is a blatant case of victimization and discrimination against cattlemen and butchers of the Cayo district", the statement charges "Belize District Cattle owners are forced to sell only to Belize Meats. The concept of competition does not exist. Having these odds in their favour, the BML offers 75 cents per pound on the hoof at the plant as its best price for 800 pound animals."

Cattlemen through their Association have put forward a set of proposals for the government to act on. Based on current offers, Mexico will pay the best prices for cattle, followed by Martinique. The prices offered by

Belize Meats Limited are a distant third. So, cattle argue, Belize should do the following:

1. Cater to those offering the best prices. These include Mexico and Martinique but should not exclude Belize Meats if the company is prepared to pay competitive prices for prime cattle.

2. Cattle which is not considered prime stock should be sold, on the basis of competitive prices, to district slaughter houses and to Belize Meats, with no restrictions on the movement of meat.

3. As one way of reinforcing the stability of the national herd, Belize should import live steers and heifers from Honduras, Guatemala and Costa Rica for fattening on Belize pastures and for expanding local stocks.

"If this pattern is followed", the Belize Livestock Producers Association predicts, "there will always be adequate supplies of beef for the local market at existing prices. The cattle herd will expand and the industry will grow."

Criticism of Radio Coverage

Belize City THE BELIZE TIMES in English 28 Apr 85 p 5

[Text]

The midday newscast on Radio Belize on Saturday April 13 carried an article covering a press conference in which the Belize Livestock Producers' Association (BLPA) was critical of government's policy. The article, however, was toned down to say only that the BLPA was dissatisfied with the Ministry of Natural Resources' policy on livestock. But the article was withdrawn after it was aired only once. Normally, a piece of local news is aired on Radio Belize at least 8 times. But this story was "killed" after one airing. Why?

The press conference was covered by a junior staff reporter of Radio Belize and so we can only speculate on the scenario that took place. It could have happened like this:

Junior reporter writes story. Submits to Chief Broadcasting Officer who no doubt consults with his Permanent Secretary, Mr Wally Brown, and the story is approved after

it is "watered down." The Hon. Curl Thompson, who is in charge of Radio Belize, on hearing the story comes on the scene. That's one way the story may have been killed.

But then it could have been that Dean Lindo, Minister of Natural Resources, who ministry makes policy on livestock, interfered with Radio Belize and probably "killed" the story.

We will never know exactly how it happened since we can't expect the CBO nor the PS to face the nation on this one.

This we know: The Permanent Secretary and the CBO have learnt a painful lesson. They no doubt were led to believe that the UDP was sincere when it said they would free Radio Belize. Now they are in government, but clearly their concept of a "free Radio Belize" is something else. They will free the government's radio station only when it is not critical of the UDP.

CSQ: 3298/669

BRAZIL

SOVIET ENVOY ENTHUSED OVER POSSIBLE SETUBAL VISIT TO USSR

Brasilia CORREIO BRAZILIENSE in Portuguese 11 Apr 85 p 11

/Text/ USSR Ambassador Vladimir Chernyshev declared yesterday that the Soviet Government "views favorably and with great enthusiasm" the possibility of Foreign Minister Olavo Setubal visiting Moscow, adding that the visit of a Brazilian foreign minister could bring about concrete results in the development of relations between the two countries in the international cooperation and bilateral areas.

Chernyshev asserted that the Soviet Union was, is, and always will be in favor of the maximum development of relations with Brazil, and observed that any agreement in that regard would respond to the national interests of the two countries. According to the Soviet ambassador's prediction, bilateral exchange could reach \$3 billion annually, provided that some obstacles are eliminated, among them the imbalance of trade. The ambassador revealed that the surplus in favor of Brazil has reached \$3 billion in the last 10 years, an imbalance which the Soviets are trying to correct, although they are aware that its complete elimination cannot occur in the short term.

Invited to speak to the Foreign Affairs Committee of the Chamber of Deputies about the commemoration of the 40th anniversary of the allied victory over Nazism-fascism and the 40th anniversary of the establishment of diplomatic relations between the Soviet Union and Brazil, the diplomat extolled the bravery of the Soviet people, "who were the ones who suffered the most in that war."

Citing World War II examples in which "peoples and countries, without concluding any formal agreement between them, agreed to put an end to aggression," the diplomat tried to show that despite ideological differences, there is nothing to impede governments from broadening cooperation in the international area and in different spheres of bilateral relations. "Soviet-Brazilian relations represent a good example of the practical implementation of the principle of peaceful coexistence between states having different social systems and exercise a positive influence on the international situation, contributing to strengthening trust and mutual understanding in the world," declared Chernyshev.

The future of relations between Brazil and the Soviet Union was a subject taken up at the plenary session of the Foreign Affairs Committee by seven deputies: Joao Herrmann (Brazilian Democratic Movement Party-PMDB-Sao Paulo), Aluisio

Bezerra (PMDB-Acre), Jose Carlos Fonseca (PMDB-Sergipe), Jaison Barreto (PMDB-Santa Catarina), Jose Machado (Liberal Front Party-PFL-Minas Gerais) and Jose Eudes (Workers Party-PT-Rio de Janeiro), who initiated the request for the ambassador's invitation. In Chernyshev's opinion, it will not take much for the two countries to intensify their relations which, he declared, have already stood the test of time in these last 40 years.

8711

CSO: 3342/161

BRAZIL

MAYORAL ELECTIONS MAY PROVOKE DIVISIONS WITHIN AD

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 May 85 p 7

[Article by Silvia Caetano and Leda Flora]

[Text] The restoration of direct elections for the mayors of state capitals will be approved by Congress on Wednesday. Party leaders have not yet reached agreement on every point in the amendment that will institute the election of those mayors by popular vote. They disagree, for example, on whether to allow reelection of the current mayors. That issue will be voted on separately in response to pressure from the governors, but it has no chance of approval. Despite the lack of agreement on the overall bill, a preliminary survey by O ESTADO DE SAO PAULO in the various capitals shows that in all the parties, mayoral candidates are campaigning vigorously in preparation for the elections on 15 November.

Direct election of the mayors of state capitals will probably accelerate the process of erosion in the Democratic Alliance, since the PMDB [Brazilian Democratic Movement Party] has so far been resisting the idea of single candidates. It intends to choose candidates from within its own ranks. The governors in the Northeast, and especially those belonging to the Liberal Front, do not want municipal elections this year, but since such elections are inevitable, they would prefer to compete with candidates from the Democratic Alliance. But that is not going to happen, and the PMDB and PFL [Liberal Front Party] will each act alone or, at most, in coalition with the smaller parties. There are even cases where the Liberals are drawing closer to the PDS [Social Democratic Party]--in Rio Grande do Norte, for example. Ulysses Guimaraes' party [PMDB] knows that the voters will be much more receptive to its message than to that of the Liberals, who are PDS dissidents and whose candidates will have serious difficulties in the public arena because they will be facing the test of the ballot box for the first time.

Much Competition in Rio de Janeiro

The fight to control city hall in the state capital is already mobilizing Rio de Janeiro. The big novelty here is the inclination of the PCB [Brazilian Communist Party] to compete. Its candidate will be either former Deputy Hercules Correa or sports commentator Joao Saldanha. But the most popular party, both in the capital and in the interior, is the PMDB, despite the ghost

of Chagas and the fact that the state government is controlled by the PDT [Democratic Workers Party]. The most prominent candidates so far are Federal Deputy Jorge Leite, who is supported by most of the convention delegates, and reporter Arthur da Tavola, who lost the election for the Senate in 1982.

Experienced politicians in the state piously believe that Jorge Leite will be defeated, and they are prophesying that he will suffer the same disgrace as Miro Teixeira, who was defeated in his bid for governor in the last election. For that very reason, they are now considering a candidate of consensus who can be supported by the Left.

The PDT has many candidates, examples being Federal Deputies Bocayuva Cunha and Clemir Ramos and state secretaries such as Yara Vargas (secretary of education). Outside the party is Jo Resende, chairman of the State Tenants' Association, whose candidacy is gaining strength and who enjoys the declared support of Senator Roberto Saturnino. Although not yet a member of the party, he may be the candidate preferred by PDT members despite the expectation that Governor Leonel Brizola will attempt to impose Darcy Ribeiro on the party.

Alvaro Valle and Rubem Medina, both federal deputies, are contending for nomination by the PFL. The former enjoys a degree of personal prestige, while the latter is backed by the powerful machinery of the Artplan agency, which promoted the "Rock in Rio" show and is owned by a brother of the deputy, who incidentally has belonged to the MDB [Brazilian Democratic Movement] and the PDS in the past.

The situation in the state for the PDS is precarious. One anti-Brizola candidate has emerged--State Deputy Heitor Furtado--but it is possible that there will be a coalition with the PDT itself, since conditions in the interior require it, and that would be the salvation of what remains of the PDS in Rio de Janeiro. The situation in the PTB [Brazilian Labor Party] is even worse, since its deputies have practically gone over to the PFL en masse, and Sandra Cavalcanti does not want anything to do with the race. As a result, the party is expected to make itself available to dissidents from the other parties as a "party list for hire."

Picture in Bahia

Former Mayor of Salvador Mario Kertesz and Federal Deputy Marcelo Cordeiro are the candidates polarizing this election despite the existence of a good number of postulants. The former is regional chairman of the PMDB, and the latter is considered unbeatable in the capital now that he has broken publicly with Antonio Carlos Magalhaes, his political patron. Kertesz has been working quite hard. He has already started setting up election committees in various neighborhoods and is supported by former Governor Roberto Santos and several groups within the PMDB. But his postulancy collides with the desires of Marcelo Cordeiro, who is said to be a strong favorite with the convention delegates who will nominate the party's candidate. But the PMDB also has other candidates, although their chances are not great. Examples are Municipal Councilor Fernando Schmidt, State Deputy Jorge Hage, and Federal Deputies Haroldo Lima and Virgildasio Senna.

The PDS has not chosen its candidate, who will be unavoidably sacrificed, considering the opposition's strong position in the capital. Even so, Municipal Councilor Osorio Vilas Boas feels like running. In the PFL, Federal Deputy Franca Teixeira is showing an interest, but his chances are minimal. In 1982, when he ran on the PDS ticket, he was elected by only a few votes.

The PDT has announced that its candidate is Edvaldo Brito, a professor of law and former mayor of Salvador. There are those who predict, however, that Kertesz will push him aside and run as a member of Brizola's party, since his competitor in the PMDB dominates the party machinery. The PT [Workers Party] is disorganized in Salvador and is in no position to compete, while the PTB simply does not exist.

Struggle in Recife

More than 10 hopefuls are beginning to jostle each other in their efforts to become mayor of Recife, and one thing seems clear: the Democratic Alliance will not function in the municipal sphere. Although the PMDB is the preferred party in the capital of Pernambuco, its victory in the election is doubtful because its forces are divided among Federal Deputies Miguel Arraes and Jarbas Vasconcelos and the chairman of the CEF [Federal Savings Bank], Marcos Freire. At the moment, however, Jarbas is the only declared candidate.

His candidacy is encountering resistance because, in addition to having thrown his hat in the ring in a completely autonomous manner without party approval, Jarbas did not vote for Tancredo Neves in the electoral college. And his opponents have taken it upon themselves to remind people of that fact in the capital's streets.

The PCB is also preparing to enter the race for city hall through Deputy Roberto Freire, who still belongs to the PMDB but is expected to return to his original party.

The small parties do not seem inclined to follow the PMDB. The PDT wants to establish its identity, and the PT is considering a candidate of its own. Both agree that discussion and the establishment of a program in cooperation with the community are more important than particular candidates for mayor.

The PDS is undecided, but it is leaning toward a coalition with the PFL, whose strongest candidates to date are Joel de Holanda, Paulo Marques, and Augusto Lucena. Governor Roberto Magalhaes, who opposes the election, is considering a coalition, and his leader in the Legislative Assembly, Fernando Bezerra Coelho, is betting that despite the PMDB's vaunted supremacy, the PDS has the cadres and is in a position to win on 15 November.

PDT Competing in Curitiba

The contest for the mayor's office in Curitiba is going to divide the voters between two candidates. In the PDT, former mayor and party chairman Jaime Lerner is already negotiating future coalitions with the PT and the PFL. The PMDB's candidate would be the current mayor, Mauricio Fruet, but since he will

probably be ineligible, it will have to choose among five candidates: State Deputies Roberto Requiao, Adhail Sprenger, and Ervin Bonkoski, Federal Deputy Amadeu Gears, and Senator Eneas Farias.

For the time being, all of the PMDB's candidates are supporting Mauricio Fruet. If his ineligibility is confirmed, it is probable that he will wind up supporting Roberto Requiao, to whom he owes a political debt. Requiao, who belongs to the party's extreme leftwing, was a key figure in Fruet's nomination for mayor of Curitiba, since the candidate preferred by Governor Jose Richa at the time was Deputy Adhail Sprenger.

The PDS has not yet decided on a candidate, and only two individuals--former Governor Paulo Pimentel and Deputy Airtton Cordeiro--seem to be vying for the post. The PT will decide on the 26th whether to participate in the municipal election. Talks with Jaime Lerner have already been held, but the PT has not yet decided whether it will support him or run its own candidate. Former Mayor Saul Raiz, who was defeated in 1982 by Governor Jose Richa, is one of the few possibilities being suggested by the PFL as a candidate in the elections of 15 November, but it is probable that the party will wind up maintaining the unity of the Democratic Alliance in the state and support the candidate nominated by the PMDB.

Many Hopefuls in Minas Gerais

Even before a decision was reached concerning the restoration of direct elections in the state capitals, the post of mayor was being hotly contested in Belo Horizonte, where eight candidates from the PMDB alone were in an all-out campaign. To prevent the party leadership from pulling names out of its vest pocket, the eight candidates have signed an agreement among themselves: the one nominated at the party convention in July will be supported by all the rest. If someone from outside the group is nominated, he will be ignored by all eight.

Governor Helio Garcia has not yet decided in favor of any of them, and it is not probable that he will do so before the convention, since he himself is going to run for the Senate in 1986 and does not want to have a falling out with the current mayoral candidates in Belo Horizonte. PMDB candidates for the post are Deputies Manoel Costa, Jr. (formerly of the Direct Elections Only organization, he won the most votes in the state in the 1982 elections and is on the independent left), Sergio Ferrara, and Junia Marise, both of whom also did well in the last election. Also in the race are State Deputies Joao Pinto Ribeiro, Paulo Ferraz, and Wilson Gontijo and Secretary of Administration Luiz Otavio Valadares.

At his last meeting with the congressional bloc from Minas Gerais shortly before his first operation, President-elect Tancredo Neves spoke at his home with Manoel Costa and Junia Marise, stating that he preferred Costa as the candidate, not only because he considered Costa to be in the best position to win, but also because his election would free the PMDB of the inconvenience of being branded conservative, which is what Junia Marise is considered to be. Manoel Costa has very close ties with Governor Helio Garcia.

No one doubts that there will be a fight within the PFL, since the current secretary of mines and energy, Gil Cesar Moreira de Abreu, is a candidate and will have to compete with Mauricio Campos, a deputy and former mayor. So far, the PDS has not announced a candidate, but the PDT and the PT already have theirs: Leonel Brizola's party will be represented by former reporter Jose Maria Rabelo, and the PT's candidate will be Deputy Joao Batista dos Mares Guia, its only representative in the Legislative Assembly.

Manaus: PMDB Stronghold

The most exacerbated internal struggles for the mayor's job in Manaus are taking place in the PMDB and the PDS. In Ulysses Guimaraes' party, the following will be contending for nomination at the July convention: Secretary of Finance Ozias Monteiro, whose candidacy was officially launched by Governor Gilberto Mestrinho, Deputies Arthur Virgilio Neto and Mario Frota, and State Deputy Elisabeth Azize. The current mayor, Amazonino Mendes, enjoys popular support thanks to the work he is doing at city hall, but Mestrinho has already launched him as candidate for governor in 1986 and will not want to erode his image in two successive campaigns.

In the PDS, those already in the running are the former mayor of Manaus and governor of Rondonia, Jorge Teixeira de Oliveira; economist Waldilson Cruz; and Josue Claudio de Sousa Filho, who ran for governor in the last election. There is a tendency, however, to seek a candidate of consensus. The PT's candidate may be the chairman of the Professional Association of Teachers of Manaus, Aloisio Nogueira, and the PDT's candidate may be its regional chairman, Teodoro Botinelli. The most popular name in the PTB is that of former Governor Plinio Ramos Coelho. The PFL is inclined to support Mestrinho's candidate.

Teresina: no PDS

The PMDB may be the only party interested in the race for mayor in Teresina. The regional chairman of the PDS, former Governor Lucidio Portella, has already announced that he will form a coalition with the party he considers most appropriate, since he has broken with Governor Hugo Napoleao. The Liberal Front is still in the process of organizing itself, and the man who would be its natural candidate--current Mayor Antonio Freitas Neto--is ineligible because of the residence requirement. And the PT, PDT, and PTB, having little voter support, will probably ally themselves with the PMDB and support the candidacy of Federal Deputy Raimundo Wall Ferraz. Within that party, however, there is a current of opinion supporting attorney Manoel Lopes Veloso, while Municipal Councilor Acilino Ribeiro is also presenting himself as a candidate.

Belem: Jader Opposes Elections in 1985

If it were up to Governor Jader Barbalho, there would be no mayoral elections in Belem until 1986. He contends that his administration needs more time to present its achievements, and he wants to postpone the problems that he will have to face in presenting a candidate to represent the PMDB, whose strongest candidate is the current mayor, Almir Gabriel. Besides the possibility that he will be ineligible, the mayor does not enjoy the support of the governor,

who is afraid that he is getting too strong. If the elections were postponed until 1986, Gabriel would be a natural candidate for the mayor's job because with both campaigns going on simultaneously, he could not run for state governor, much to the relief of Jader Barbalho.

In the PDS, the most-discussed name is that of businessman Sahid Xerfan, a former mayor, but he does not seem inclined to face a confrontation with the government for fear that his business would be harmed--the Secretariat of Finance once prosecuted him for tax fraud.

No Alliances in Natal

The best reputation in the PMDB and among Natal's inhabitants is enjoyed by State Deputy Garibaldi Alves Filho, the nephew of Minister Aluisio Alves. Four years in the Legislative Assembly, marked by intense and careful activity and a style of work that keeps him in permanent contact with his rank and file, have made Garibaldi Filho the most esteemed politician in the state. He is reluctant to run for mayor because he wants to be a member of the constituent assembly in 1986.

Headed by Governor Agripino Maia, who opposes direct elections in November, the PFL will probably not ally itself with the PMDB, from which it kept its distance locally during the campaign on behalf of Tancredo Neves. If it does form an alliance, it will do so with the PDS, which is headed by the governor's cousin, former Governor Lavoisier Maia. In that case, the name mentioned most often among the administration's supporters is that of Secretary of Labor Wilma Maia, Lavoisier Maia's wife. Deputy Joao Faustino has also been mentioned as a candidate, but he wants to run for governor in 1986 and knows that in a campaign against Garibaldi for the mayor's job, he would not have a chance.

11798

CSO: 3342/167

BRAZIL

CONGRESS TO PASS INITIAL BILL EFFECTING POLITICAL REFORM

Rio de Janeiro O GLOBO in Portuguese 9 May 85 p 3

[Text] Brasilia--Once the constitutional amendment reestablishing direct elections for the president of the republic and the mayors of the state capitals, hydromineral stations and national security areas has been approved and promulgated, the next step for the Congress will be to approve, in separate votes by the Senate and the Chamber, the draft bill which defines the standards for the conduct of municipal elections on 15 November 1985.

There is no modification of the quorum required for the vote on the special bill; the two houses may approve the bill by a simple majority (one more than half the members of each house) or 240 deputies and 35 senators. The vote could be even further simplified, with a vote of the leaders, by agreement.

The special draft bill will amend ordinary law to make provision for details considered to apply specifically only to the November elections and hence not covered in the constitutional amendment, such items as the convening of party conventions and provision for two rounds of voting in the mayoral elections.

The special draft bill provides for the following changes in the legislation:

1. Elections shall be held on 15 November 1985 for the mayors and vice mayors of the state capitals, hydromineral stations, national security areas and municipalities created by 15 May 1985 (where there will also be elections for councilmen).
2. The party conventions shall be held 4 months prior to the elections (15 July).
3. Each municipal party convention to nominate candidates, by direct and secret ballot, will be regulated by the respective Executive Commission of the National Directorate.
4. In the elections regulated by this law, the political parties may not register candidates under sublates.
5. The parties may form coalitions and organize joint slates for mayor and vice mayor.

6. The party coalitions will adopt their own denominations and the registration of their candidates will be forwarded by the presidents of the coalition parties to the Electoral Court.
7. The residence requirement to vote in the November elections will be 5 months.
8. During the 40 days preceding the elections, radio and television stations will make free time available for messages from political parties. There will be 20 spots presented during 1 hour each day, at least 30 minutes of which will be during the evening, between 2000 and 2300 hours.
9. Half the free advertising time shall be distributed equally among all the parties competing in the elections and half will be distributed in proportion to the existing benches in the council chambers, where there are elections for councilmen.
10. No paid advertisements shall be permitted on radio or television.
11. The special draft bill calls for two rounds of voting in mayoral elections if no candidate receives an absolute majority in the first round. This was a highly controversial item in the Interparty Commission and should be decided by the party leaders.

6362

CSO: 3342/171

BRAZIL

PRC DELEGATION EXPLORES SPACE, INFORMATICS COOPERATION

Brasilia CORREIO BRAZILIENSE in Portuguese 20 Apr 85 p 11

/Text/ The 17 technicians of the Chinese Ministry of the Aviation Industry who are in Brazil to study Brazilian technology will be in Brasilia on the 30th to formalize the conclusion of their observations together with the Chinese Embassy. According to the Chinese representation, everything is proceeding toward formalizing the scientific and technological cooperation agreement between Brazil and China.

The Chinese mission, which is scheduled to stay in Brazil until 9 May, will hold contacts with experts of the National Research Council (CNPq) and the informatics area to complement the observations already made in the Aerospace Technical Center (CTA) of Sao Jose dos Campos. During its mission, the Chinese delegation will study the possibility of maintaining Chinese technicians in Brazil to further reinforce the exchange of know-how between the two countries.

The technical and scientific exchange will expand the contacts maintained between the two countries, which already have mutual interests in the commercial area, amounting to around \$800 million in 1984, "favorable to Brazil," according to Chang Bao Yu, commercial attache in the Chinese Embassy. Brazil has been exporting iron ore, synthetic fibers, cellulose, automobiles, coffee, sugar, cocoa and steel products, which have greatly attracted the Chinese market. In turn, the Chinese sell coal, rice cotton and, especially, oil to Brazil.

In the scientific area also, the Chinese have expressed interest in intensifying studies on the use of coal in conjunction with Brazilian experts, but plans in that sector are more long term.

8711
CSO: 3342/161

BRAZIL

LIBYA CITES INTEREST IN JOINT INVESTMENT BANK, INFORMATICS

Brasilia CORREIO BRAZILIENSE in Portuguese 21 Apr 85 p 16

/Text/ Libya is interested in expanding its relations with Brazil, especially in the economic area and has even presented a proposal to the Brazilian Government to form a bilateral investment bank. The idea was put on the agenda during the visit of the Libyan delegation to the presidential inauguration and should be reinforced at the next meeting between the two countries, under the leadership of Foreign Ministers Olavo Setubal and Ali Turayki, scheduled for July of this year.

According to information provided by Ambassador Faraj Saeiti, Foreign Minister Olavo Setubal "seemed receptive to the idea and said he wished to study it." The matter is to be analyzed more calmly by specialized experts of the two countries and, as the Libyan ambassador pointed out, "the Brazilian foreign minister has vast experience in the sector and is aware of the importance of this agreement."

Informatics technology is also becoming the target of Libyan Government interest; a delegation is to arrive in Brazil to become more familiar with the Brazilian potential. According to the embassy, Brazil's technology is of a high level and if sales conditions are appropriate, the two countries could conclude business transactions in that area.

But until now the largest contracts between Brazil and Libya have been in the military area. A Libyan delegation was in Brazil in March to familiarize itself with military materiel and "had a very good impression, which indicates an excellent prospect of concluding an agreement in this area," Ambassador Faraj Saeiti revealed.

The Libyan ambassador declared that the guidance he has is to promote the greatest number of agreements with the Brazilians for various reasons, the principal one being the fact that Brazil belongs to the Third World, with the same types of problems and characteristics. Also influential factors are the fact that "Brazil does not seek to dominate other peoples" plus the fact that the Libyans understand that "the Brazilians are facing a serious economic crisis and it is Libya's duty to propose mutual help."

Other Areas

Other Libyan delegations will come to Brazil with the recommendation of calmly studying the agriculture and the heavy materials industry areas. Until now, there has not been a great volume of business in that sector but the matter is to be studied at the joint commission meeting in July.

This readiness for mutual help undoubtedly should expand bilateral trade, which in 1983 totaled \$19.038 million in Brazilian exports against \$78.104 million in sales of Libyan products. In 1984, the advantage swung to Brazil, which exported \$9.128 million against no imports from Libya. /All figures as printed/

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13 June 1985

BRAZIL

MARCH UNEMPLOYMENT FIGURES IN SIX MAJOR CITIES

Rio de Janeiro O GLOBO in Portuguese 1 May 85 p 26

[Text] The average rate of unemployment in March in the six principal metropolitan areas of Brazil was 6.48 percent of the economically active population, or slightly above the rate recorded in February (6.12 percent), according to an announcement yesterday by the Brazilian Institute of Geography and Statistics (IBGE) Foundation.

In March, Rio de Janeiro showed the lowest rate of unemployment at 6.01 percent. It was followed by Sao Paulo (6.16 percent), Porto Alegre (6.57 percent), Salvador (6.87 percent), Belo Horizonte (7.70 percent), and Recife (8.71 percent).

According to the IBGE Foundation, the average rate for self-employed persons earning less than the minimum wage was 5.89 percent in March. That is lower than the rates for the preceding 10 months.

Monthly Unemployment

Month, 1985	<u>Metropolitan areas (%)</u>						Average rate (%)
	<u>Rio de Janeiro</u>	<u>Sao Paulo</u>	<u>Porto Alegre</u>	<u>Belo Horizonte</u>	<u>Recife</u>	<u>Salvador</u>	
January	6.35	6.02	5.50	7.33	7.70	6.31	6.31
February	5.73	5.97	5.36	7.43	6.92	7.42	6.12
March	6.01	6.16	6.57	7.70	8.71	6.87	6.48

In Sao Paulo: 965,000 Unemployed

Sao Paulo--The employment level in Greater Sao Paulo is declining. For the first quarter of 1985, the region's unemployment rate stood at 14 percent--the equivalent of 965,000 unemployed. For the 3-month period from December through February, the rate was 13.1 percent, or the equivalent of a total of 890,000 unemployed.

The above data are from a survey conducted since October by the State Data Analysis System (SEADE) Foundation in cooperation with the Interunion Department of Statistics and Socioeconomic Studies (DIEESE). For the first quarter

covered by the survey (October through December), the rate was 12.4 percent. It then fell to 12 percent for the period from November through January. After that, unemployment began to rise.

The rate for the first 3 months of this year (14 percent) includes an open unemployment rate of 8.9 percent--that is, about 616,000 unemployed persons who, being completely unemployed, had actually sought work during the 30 days preceding the interviews.

11798

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BRAZIL

36.9 PERCENT OF RIO RESIDENTS DISSATISFIED WITH BRIZOLA

Rio de Janeiro O GLOBO in Portuguese 28 Apr 85 p 5

[Text] A survey by IBOPE [Brazilian Public Opinion and Statistics Institute] indicates that 24.2 percent of the residents of Rio de Janeiro State approve the government of Leonel Brizola, while 36.9 percent are dissatisfied with his administration. Of the 417 respondents, 36.9 percent considered the governor's administration as "average" and 1.9 percent had no opinion.

According to the survey, conducted between 18 and 21 April, women are most disapproving of Brizola's administration (41 percent of the females interviewed said it was "very bad" or "the worst," as against 32.9 percent of the males). On the other hand, 27.1 percent of the males and 21.4 percent of the females interviewed by IBOPE said the governor's performance was "excellent" or "good."

By age bracket, the governor won the greatest approval from the respondents between 18 and 24 years of age (29.5 percent) and the greatest disapproval from those 50 years of age or older (44.2 percent).

Marcelo Alencar, mayor of Rio de Janeiro, was approved by 28.7 percent and disapproved by 33.5 percent of the respondents in the same survey. His administration was considered "average" by 40 percent of the 417 respondents and 7.7 percent had no opinion.

The mayor received more approval among males interviewed by IBOPE (20.8 percent) than among females (16.7 percent), and the same thing occurred with the disapproval rating (34.8 percent of the males interviewed and 32.3 percent of the female respondents felt the mayor's performance was "terrible" or "the worst").

By age bracket, the greatest criticism of the mayor was in the group between 30 and 39 years of age (40.9 percent). Respondents who approved of Marcelo Alencar's administration were found in greater numbers in the group between 25 and 29 years of age (21.7 percent).

The PMDB [Brazilian Democratic Movement Party] is the most popular among the IBOPE survey respondents. The poll found that the PMDB is favored by 33.6 percent of the Rio residents, followed by the PDT [Democratic Workers Party], with 13.2 percent; the PDS [Social Democratic Party], with 11.5 percent; the Liberal Front Party [PFL], with 7.2 percent; the Workers Party, with 6.5 percent; and finally the PTB [Brazilian Labor Party], with 4.3 percent.

The PMDB is favored by 38.1 percent of the males and 29 percent of the females. Among those who prefer the PDT, the majority are males: 14 percent, as against 12.4 percent of the females. Most of the PDS sympathizers are females: 12.4 percent, as against 10.6 percent of the males.

The PMDB also led in all the age groups, with the largest support (45 percent) among young people from 25 to 29 years of age and the least support (30.5 percent) among adults aged 50 or older.

The PTB is least popular among respondents from 18 to 24 years of age (3.2 percent were PTB sympathizers) and from 25 to 29 years of age (1.7 percent). The Workers Party placed last in popularity among respondents from 30 to 39 years of age (only 4.3 percent supported the party), respondents from 40 to 49 years of age (4.1 percent) and respondents aged 50 or older (2.1 percent). The PFL was most popular among young people from 18 to 24 years of age (10.5 percent of this group voiced sympathy for the Liberal Front). Most of the respondents who said they supported the PDS were over 50 years of age (14.7 percent).

In the IBOPE survey, 50.4 percent of the respondents were females and 49.6 percent were males.

6362

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BRAZIL

SARNEY'S EMPHASIS ON EFFICIENCY, ALLEGIANCE DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Apr 85 p 4

/Article by Carlos Chagas: "Only the Efficient Will Remain"/

/Text/ President Jose Sarney telephoned Ulysses Guimaraes yesterday in keeping with the principle of maintaining close contact with the Brazilian Democratic Movement Party (PMDB), the major force in the Democratic Alliance. He told the president of the party and the chamber that he was concerned about the campaign that certain PMDB sectors are trying to conduct against Francisco Dornelles. He took the occasion to emphasize that the finance minister is untouchable. He represents the economic policy that Tancredo Neves defined for the country in the context of the current difficulties. He specifically praised Dornelles' technical capability and his efficiency. He took the occasion similarly to praise Planning Minister Joao Sayad, against whom he also will not permit any campaigns, regardless of where they may come from. In the president's view, the duo charged with conducting the country's economic-financial policy merit all support and confidence. It is with that policy that he plans to see the crisis resolved and the great obstacles surmounted.

Those positions were expressed to Ulysses Guimaraes within a broad context and could not in any way be regarded as a calling to account or a complaint. On the contrary, they express Jose Sarney's major aim to make the PMDB a participant in the government through the exchange of ideas, discussion and the solution of the great national problems, something that will also be done with the Liberal Front Party, through its president, Jorge Bornhausen. This will not mean subordination or the establishment of a condominium of government. Jose Sarney is aware of his responsibilities and the president of the republic will act as such no matter whom it pleases or displeases. The possibility of succeeding Tancredo Neves did not enter into his plans but in the face of the calamity, he will exercise the office in all of its fullness.

According to people who were with the president yesterday and the day before, thus far, he has expressed every confidence in and given all support to the cabinet. That is why he confirmed that support when Fernando Lyra, in the name of the others, placed the positions at his disposal. In the meantime, he is going to govern in fact, directing the major policy and participating in everything. He does not accept the figure of the president in our system as that of the queen of England and he has even said confidentially that he

will not permit "little kings." In his administration, there will not be any independent ministers believing themselves above others and above the chief executive himself.

His style, as he has said, will be the same one he adopted when he was governor of Maranhao: above all, participatory. It was not easy to break down old structures and establish the new Maranhao but, at the end of his term, everyone felt that things had changed greatly. The time of presidents of the republic remaining detached from administration and delegating their proper duties to the ministers is past in Planalto Palace. He not only will make decisions with the ministers, he also plans to follow up and call to account. He will not hesitate to decide on changes of course. Whoever does not fit into that style will not remain. He is going to roll without the slightest restraint because, above all else, the ministers must be conscious of the need for coordination and to heed his directives.

Sarney recognizes the difficulties, both current and structural, but they are not insoluble. He is shocked at the deficiencies of the state administrative machinery. Orders often do not reach the end of the line, the last echelons, to be fulfilled with the necessary speed and efficiency. He feels that personally and gathers the same impression from the depositions of various ministers. He plans to fix the situation quickly. He has already ordered Administration Minister Aloisio Alves and Planning Minister Joao Sayad to study formulas and present him with immediate solutions regarding how to obtain efficiency from the state administrative machinery.

To demonstrate that Jose Sarney's intentions mentioned here are actually real and not rhetorical, a report circulated yesterday that businessman Sergio de Freitas is going to be dismissed from one of the departments of the Central Bank. The dialog he had held with international bankers had not been satisfactory.

The same may happen at the cabinet level if during the next few months some minister proves to be out of sync or fail to fulfill specific orders. Friendship with the president is one thing; efficiency is something else. In Maranhao, at 35 years of age, he did not hesitate to change the state cabinet in the quest for efficiency. There is no way he could now justify a different position in the presidency of the republic.

8711

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BRAZIL

CONFLICTING CFP, FIBGE AGRICULTURAL FORECASTS DISCUSSED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Apr 85 p 31

[Commentary: "Confusion in Forecasts"]

[Text] At the end of last week, the government released two forecasts of the harvest for the 1984-1985 season: one from the FIBGE [Brazilian Institute of Geography and Statistics] and the other from the Ministry of Agriculture's CFP [Production Financing Commission]. As is usual in Brazil, the figures show marked differences that are a matter of concern, considering the seriousness with which the matter needs to be treated.

A few examples provide a good illustration of the seriousness of the situation. According to the FIBGE, we will harvest a total of 17.6 million tons of soybeans, whereas the CFP's estimate comes to 16.7 million tons. That is a not inconsiderable difference of 900 million tons and one that will certainly influence prices in Chicago and on the domestic market. In the case of rice, the FIBGE is predicting a total of 9.3 million tons, compared to the CFP's 8,859,300 tons. The difference between those figures represents approximately what Brazil would have to import to keep a buffer stock available. In the case of beans from the first harvest, the difference between the two sources comes to about 350,000 tons, and that, too, is not a negligible difference. Among the basic crops, the smallest difference is that shown in the case of corn (about 100,000 tons).

As was noted, the institutions in question do not seem inclined to come up with the same figures (although it is logical that they should), nor do they show any great concern over the differences. It is worth noting that traditionally, the FIBGE's survey is more complete, since it includes information gathered by various research organizations, among them the CFP itself. Monthly meetings are held to refine the data, which are released about a month after they are collected. Unquestionably, it is difficult to understand the reasons for the apparently unjustified differences.

Nor is analysis of the total figures reliable, since the two surveys treat what are commonly called "grains" differently. There was a time when even cotton was included in that category despite warnings of a methodological nature from various experts, some of them linked to the Getulio Vargas Foundation. However, every forecast that is published leaves itself open to doubts, with the result

that the market has a number of reservations concerning the forecasts that are published.

Actually, all indications are that those forecasts have not the slightest influence on those for whom they are intended. It can even be considered that the great majority of Brazilian agricultural producers will not change their marketing strategy on the basis of those forecasts. But this is certainly not true of the firms or of speculators in the futures market, not to mention the commodity exchanges abroad (chiefly with respect to soybeans).

Moreover, along with all the caution made necessary by the lack of exactness in statistics, one cannot fail to recognize that the production of basic commodities in Brazil is still in a critical situation. With those predicted harvests of rice and corn, imports will not be necessary only if there is a drop in consumption. The effect of corn production on various other sectors--poultry, hogs, eggs, milk, and so on--is well known. In the case of rice, investments in infrastructure should probably be made to expand production capacity. In the case of beans, the supply is still relatively inadequate for ensuring availability in case of emergency. If the government abolishes the wheat subsidies, it is obvious that the pressure of demand for corn will increase in the short term. Later, however, it might be possible to direct funds previously allocated to wheat into the expanded production of basic commodities.

Although they cause doubts, the official forecasts suggest that the new administration has a lot to do to stimulate the supply of products for basic domestic consumption. Consideration is currently being given to a broad reformulation of credit for financing production costs, basically in the direction of higher interest rates. It remains to be seen whether, in the short term, that is in fact the best way to support this sector, which is suffering the vicissitudes of an extremely difficult transition from a subsidized situation to that of a free market.

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CSO: 3342/167

BRAZIL

SOUTH AFRICA SPONSORS SEMINARS TO PROMOTE TRADE

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 May 85 p 27

[Text] Brazil could substantially expand its trade relations with South Africa, becoming one of that country's principal partners, as long as it does not make an issue of politics and ideology. This may be concluded from the seminar which the South African Government sponsored yesterday in Curitiba for 100 Parana businessmen, as part of a "trade offensive" which should be repeated in several Brazilian states.

In a press conference on Monday, Alexander Van Zyl, South African ambassador to Brazil, insisted that political issues--referring to apartheid--should not become the basis for trade relations between countries. Several union, student and political organization in Parana released a manifesto protesting the ambassador's presence in the state, but they did not demonstrate in front of the Curitiba Trade Association, where the seminar was held, as they had promised.

South African businessmen and diplomats were thus free to explain their goals to a very attentive audience. Edgar Nynhuis, South African trade counselor in Brazil, produced a list of almost 600 items which Brazil imports from other countries and which could be supplied by South Africa at more advantageous prices because his country is closer and has direct shipping lines, reducing the delivery time for the merchandise.

South Africa is not only seeking customers, however. Speaking to the Parana businessmen, R. Kern-Martin, advisor to SAFTO (South African Foreign Trade Organization), indicated that South Africa constitutes a market of 10 million individuals with great purchasing power and extremely demanding. He issued an invitation: "If any of you gentlemen has a high-quality product at a good price, which might interest 10 million people, come talk to me."

6362

CSO: 3342/171

BRAZIL

STRIKES, DEMONSTRATIONS IN RIO, CURITIBA, MANAUS

Hospital Workers in Rio

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 May 85 p 14

[Text] On their first day out on strike, the 30,000 state and municipal health professionals have paralyzed 97 percent of the 31 hospitals and 100 medical stations in Rio de Janeiro. Only the emergency rooms were functioning in each hospital. The rest of the patients--even the non-contributors--have been sent to the hospitals and health stations operated by INAMPS [National Institute for Social Security Medical Assistance]. The strikers have guaranteed, however, that measles vaccinations will be given to more than a million children in the next few days.

When the strike began, at 0700 hours yesterday, the civil servants began the 48-hour countdown for the state to respond to their demands: public competitive examinations, a constitutional amendment for the employment of those contracted under the Consolidated Labor Laws; and a schedule of duties and wages for the health sector. Roberto Chabo, president of the Physicians' Union, has said they are only asking for what Health Secretary Eduardo Costa himself promised in a letter of commitments signed on 3 May 1984.

The Health Committee of the Legislative Assembly called the strikers' representatives to a meeting at 1500 hours yesterday, at which the health secretary was to be present. The purpose was to reach a quick settlement, but Eduardo Costa did not intend to enter into a discussion with the strike leaders at that time. He only wanted to meet with the deputies on the Health, Justice and Civil Service committees. After the meeting, the secretary stated that he would not have a dialogue while the workers were striking. "A strike in the health area is not like the others; the people's needs are at stake," Costa said. "The Health Secretariat cannot meet the public employees' demands at this time; of the 9 trillion-cruzeiro state budget, only 250 billion is allocated to the health Secretariat."

For their part, the striking employees do not understand why the government has not allocated more funds for the Health Secretariat, as it did for education. "We have been protesting for 18 months and the government has had plenty of time to allocate the funds," said physician Alvaro Nogueiro, one of the strike leaders.

Meanwhile, the secretary has asked for time to reach understandings with the Secretariat of Finance and with Governor Leonel Brizola. Only next Tuesday will he return to the Legislative Assembly for another meeting, this time with the strike leaders participating, "but only if they have already gone back to work," warned Eduardo Costa.

Bank Guards in Curitiba

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 May 85 p 14

[Text] Yesterday in Curitiba, the police broke up a demonstration of bank guards who had been striking for 10 days and who were trying to prevent an armored car from entering the central agency of the Bank of Brazil. Four automobiles from the Special Guard Service company were stoned and four individuals were held captive; two of them complained that they had been assaulted and underwent a physical examination to corroborate their claim.

Teachers in Manaus

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 30 Apr 85 p 14

[Text] About 200 policemen armed with rifles and billy clubs put down a demonstration by the Manaus Professional Association of Teachers yesterday in front of the state government building. They were demanding better salaries. The police intervention caused an uproar in which deputies and newsmen also became involved. The state has granted a wage adjustment of 100 percent of the INPC [National Consumer Price Index] as of 1 May and promised to maintain the 6-month readjustment.

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CSO: 3342/171

BRAZIL

INSUFFICIENT FUNDS THREATEN SEGMENT OF ANTARCTIC PROGRAM

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 5 May 85 p 27

[Text] The Brazilian Antarctic Program is in danger of coming to a standstill and seeing its most ambitious project in connection with the next expedition harmed in part because of insufficient funds. That prediction was made by an authorized source on the Interministerial Commission for Ocean Resources (CIRM), who says that if the current authorization of 3,758 million cruzeiros for the program is not changed, even the research work to be done by the "Professor Besnard," an oceanographic ship owned by the USP [Sao Paulo University], will be canceled.

The current budget corresponds basically to what was spent on logistics during the third expedition, which began in November 1984 and ended last month. In that context, and considering inflation and the anticipated consumption of fuel oil if the Antarctic station operates through the winter, it is not likely that the authorized budget will be sufficient to cover the cost of the projects. As a result, according to the source at the CIRM, a request for additional funds will certainly be submitted to the Ministry of Finance, and it is already estimated that the cost of the program will rise to 7 billion cruzeiros.

Brazil May Have Icebreaker

Brazil is going to get its first icebreaker. That was announced to O ESTADO DE SAO PAULO and the JORNAL DA TARDE yesterday by Adm Mario Jorge da Fonseca Hermes, who said that talks with Poland, which will build the ship, are now in their final phase.

"This is going to be a ship not for the navy, but for Brazil--one that will benefit the entire nation and not specifically the institution which is the manifestation of Brazilian naval power," added the admiral, who has kept tabs on the talks held with Polish authorities to determine the icebreaker's specifications. Adm Mario Hermes said that the ship, which is to be built in Poland at a cost of approximately \$50 million, will be used not only for official expeditions to the Antarctic but also to meet the conditions laid down in the new Convention on the Law of the Sea, which makes it compulsory for Brazil to define its 188-mile economic zone.

That economic zone is a new legal feature of the Law of the Sea and was created by the convention approved by the United Nations, with Brazil voting in favor. In that 188-mile-wide strip, Brazil will be assured of economic sovereignty. It will also have sovereignty up to a distance of 350 miles for the exploitation of mineral resources such as petroleum, as was recalled this week by the former secretary of the CIRM, Adm Mucio Piragibe de Bakker, during an address to the Brazilian Center for Strategic Studies.

Admiral Hermes said: "The planned ship, whose characteristics are practically finalized, is an excellent icebreaker. It will even be able to carry support helicopters."

Brazil's first icebreaker will be of medium tonnage, and it is probable that a great deal of its communications equipment will be produced in Brazil. Admiral Hermes noted that the icebreaker will be very superior to the oceanographic support ship "Barao de Teffe," which has been carrying Brazilian researchers to the Antarctic. "It will be a different kind of ship, because while the 'Barao de Teffe' is a support vessel, the new ship will be able to operate in ice. After the contract is signed, and that should happen this year, the ship will be ready in 4 years."

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CSO: 3342/167

BRAZIL

BRIEFS

CHANGES IN GENERAL COMMANDS--Army Minister Gen Leonidas Pires Goncalves is proceeding to implement the policy he announced when he assumed his position, namely, to reshuffle the general officers and senior officers who have held the posts of chiefs of departments or troop commands for more than 2 years. In Brasilia yesterday, five generals were replaced from the posts they held in the service. Gen Diogo de Oliveira Figueiredo, brother of former President Joao Figueiredo, was installed as deputy chief of the Ordnance Department, consequently leaving the command of the 1st Army Division, a post he had held since Leonel Brizola assumed the governorship of the state of Rio. Diogo is in seventh place in this year's eligibility roster for promotion to four-star general. Maj Gen Clovis Borge Azambujo, promoted to his rank on 31 March, yesterday assumed the post of deputy chief of the General Services Department, replacing Gen Luiz Pires Uruahy Neto, being replaced in the command of the 3d Military Region in Rio Grande do Sul. Gen Mario Brum Negreiros, chief of the Engineering and Communications Department, installed Gen Athos Cesar Baptista. At 1500 hours, a ceremony presided over by Gen Boscacci Guedes, Gen Job Lorena de Sant'Anna replaced Gen Riopardense Rezende, who leaves active service, having been transferred to the reserve. Gen Joaquim Abreu Fonseca, who held the post of army deputy chief of staff was replaced by Gen Fernando Valente Pamplona, recently relieved of the Regular and Advanced Training Directorate. Abreu Fonseca will assume the post of Armed Forces deputy chief of staff on the 25th. /Text/ /Brasilia CORREIO BRAZILIENSE in Portuguese 20 Apr 85 p 11/ 8711

'CONVERGENCE' SCORES GOVERNMENT--Jose Maria de Almeida, political advisor of the Belo Horizonte Metalworkers Union and a national director of the Socialist Convergence, said yesterday in the Minas Gerais capital that the Convergence "unconditionally" supports all the strikes; he accused the Democratic Alliance government of opposing the workers' demands. Almeida criticized statements by Justice Minister Fernando Lyra and Senator Fernando Henrique Cardoso (PMDB-SP [Brazilian Democratic Movement Party-Sao Paulo]), according to which the Convergence is fomenting the strikes. He added that such statements have gone along with a "campaign" by such newspapers as O ESTADO DE SAO PAULO, which he called an "organ of the most reactionary business class and one of the greatest

defenders of the 1964 coup d'etat." Almeida said the government was looking for a 'scapegoat' and was using the same "laws of the dictatorship to make the metalworkers' strike illegal." According to Almeida, the PMDB is fighting side by side with Volkswagen, Ford and General Motors against the workers; Labor Minister Almir Pazzianotto is playing the same role as Murillo Macedo, "a man of the dictatorship and one of the ministers most hated by the workers." O ESTADO, Almeida added, accuses the Convergence of being "radical," but, in his opinion, "the truth is something else." [Excerpt] [Sao Paulo O ESTADO DE SAO PAULO in Portuguese 8 May 85 p 23] 6362

CS0: 3342/171

COLOMBIA

LIBERAL CANDIDATE OPENS PRESIDENTIAL CAMPAIGN IN ANTIOQUIA

Bogota CROMOS in Spanish 22 Apr 85 pp 30-33

[Article by Rodrigo Palacios: "It Is All a Matter of Engineering"]

[Text] "My loyal friend has returned," said the sign painted in white letters on the back of the bus taken by the liberals of Santa Elena, the Medellin district where gladiolas, chrysanthemums, irises, calla lilies and everlasting flowers are grown, to go to the Olaya Herrera Airport on Friday, 21 April, to greet precandidate Virgilio Barco.

Medellin was to be the place this weekend where, for the first time in the 1986-1990 presidential campaign, Barco and Alvaro Gomez, conservative precandidate, would measure their strength. In addition, Luis Carlos Galan was expected on Saturday. The local press managed to suggest a possible meeting of the candidates at the Rionegro Airport, which they all wanted to see.

Barco arrived at 1600 hours and right on the runway, in the midst of white signs with red letters, the "Long live the Liberal Party" shouts were heard. The embrace recorded by press photographers of the precandidate and leaders Bernardo Guerra Serna and William Jaramillo Gomez, the latter the organizer of this visit, seemed to be a good omen. Guerra has not publicly supported the name of Barco and has for the time being declared himself to be neutral.

However, Barco's reception was missing the representatives of other liberal groups such as the one headed by Federico Estrada Velez, who until only a short time ago worked for the candidacy of Augusto Espinosa and Ivan Marulanda, representing the New Liberalism.

Matter of Engineering

After they had greeted one another, Virgilio Barco and his entourage went to the Club Campestre, followed by cars carrying signs indicating that liberalism intends to return to power and loudspeakers telling everyone within range that "Barco, an engineer, will be in charge of heading up the reconstruction of the country."

At that very hour, Tina Gutierrez, head of public relations of the campaign of the famous former mayor of Bogota, was talking with Nohra Gonzalez, member

of the departmental board, concerning preparations for the gathering in Orquideora, where Barco Vargas would speak. Jaramillo Gomez' movement ordered construction of a special wooden platform on which absolutely all the party notables would be seated. It was set up in time, as were the loudspeakers and microphones of the powerful sound equipment and a pyrotechnical display set up by the liberal fireworks experts from the low-income districts.

Barco left the Club Campestre at 1900 hours, leading a caravan of red flags that would march through the main avenues of the city. Following a lengthy recess, the slogans of the party not in power seemed strange, even though well-known.

In the Botanical Gardens, where liberals of all social classes crowded together, a speaker recalled that Barco is the only man trained to lead the country in these difficult times and that Antioquia has always been the barometer used by parties to measure acceptance of their programs.

"I offer the reconstruction of Colombia," the precandidate told a radio reporter as he entered the Orquideorama. The voice on the loudspeaker offered up shouts of praise to Liberal women, Liberal Antioquia, liberal farmers and liberal workers. The national anthem was then played and the Cadecol chorus sang "Tierra Labrantia" and "Antioquenita," while the green fireworks display proclaiming "Barco, President 1986-1990" burned.

That night, the Orquideorama offered pretty women, television cameramen, farmers in hats, ladies in shawls, babes in arms and groups of school children, old people in dark glasses and food vendors with little flags fluttering to the rhythms of Jaramillo Gomez. The four speakers were Jose Prieto Mesa, Leon Arango Paucar, Jaramillo Gomez and Barco. Arango said that the country does not need a president for Central America, but one who will serve Colombians, while Jaramillo said that Virgilio Barco is the shining star of new hope. The 3,000 persons crowded into the Botanical Gardens applauded him noisily while the loudspeaker intoned "Barco, Barco, Barco" endlessly.

Candidate of Few Words

"We are going to wage the right against the developmentalists," the Paisa leader said, proclaiming that "Betancur is discovering the Alvarist face" and that his "Yes, we can" government will go down in history as the one that did not try.

At the gate, a group of women recently graduating in public relations were still pinning red carnations on those arriving, while, kicking off the precandidate's speech, the loudspeaker asked for support for Barco, "a candidate of few words because he is thinking a great deal about how to get the country out of chaos." Leopoldo Villar, chief of press of the campaign, distributed copies of the text of the speech to newsmen.

"We sympathized with him and we know that he will irremediably be elected," the loudspeaker proclaimed, echoing Jaramillo's claim that "You are not the liberal precandidate, Dr Barco, but rather, the future president of Colombia."

Barco began his speech by criticizing the errors and waivering of the current economic policy, a policy that "is highly unfortunate and the cause of the oppressive, demoralizing phenomenon of massive unemployment." He then defended an administration inspired by the principles of a social economic system that fosters the continuation of jobs already created.

"The political weight of the state will be necessary to serve the most deprived classes," he said, adding that he has always emphasized that the next liberal government should sponsor, promote and back the whole complex world of private enterprise, beginning with the smallest craftsman or neighborhood or sidewalk merchant, cooperatives, community associations, communal action boards, civic committees, small producers, as well as the agricultural owner or worker fitting into an industrial process.

He then said he was convinced of the need to promote decentralizing processes and procedures.

Defending Ideas Sectarianism?

By this time, the massive crowd had already trampled many plants in the Botanical Gardens, for many wanted to be close to the precandidate.

Barco called for politically organized community participation, through people's parties. "Community participation through our people's party par excellence could save Colombia from the anarchy that threatens to sweep everything away," he said amidst the shouts.

"Liberalism has realistic and revolutionary proposals for saving the dispossessed poor, the people not in agreement with their situation. It has proposals other than armed uprisings, barbarousness and irrational, fratricidal violence," he added.

The precandidate denied the label of sectarianism placed on him by different groups and in particular, noted that "if sectarianism means defending ideas, concepts of government formulated by famous thinkers and leaders of liberalism, or remaining open to dialogue and tolerance, or extending our hand in the search for harmony and the convergence of all factions and strata of Colombian society, then I tell you that I accept the label of liberal sectarian!" More shouts for Barco and the party.

Referring to the National Movement, he said that the experiment with Betancur "vaccinated the country against that fever" and proclaimed that 3 years of government of a conservative president elected by a fragile, bewildered public opinion unattached to any defined platform, have shown the country the disaster which this kind of political movement means.

On the following day, Barco went to Rionegro, optimistic about the welcome he had received on his first tour of Antioquia when he has just begun his path to the liberal convention.

COLOMBIA

BETANCUR ASKS UNION, MANAGEMENT LEADERS FOR SACRIFICE

Bogota EL SIGLO in Spanish 11 Apr 85 pp 1, 3

[Article by Raul Rodrigues]

[Excerpt] The government reiterated yesterday to trade union and political leaders and spokesmen for the workers class that the process of economic adjustment is developing autonomously, and it asked for sacrifice and understanding on the part of the entire private sector in order to be able to carry this recovery policy forward.

President Belisario Betancur met yesterday with the main trade union leaders and those of the central workers organizations, as well as members of the political leadership, with a view to launching a new process of dialogue, in his case to set forth in detail the results of the talks between the government and the international bank and to justify the economic adjustment measures.

After the meeting at the Narino Palace, the spokesman for the trade unions and the workers class expressed conflicting opinions about the results of this new contact with the executive branch and concerning the measures which the government has been adopting, in the light of its dealings with the IMF and world financial organizations.

The president of the ANDI [National Association of Industrialists], Fabio Echeverri Correa, said on leaving the meeting that if indeed the current economic policy of the government cannot be called inconsistent, it does indeed work against the goals designed to generate more jobs and to achieve effective recovery.

The president of the FENALCO [National Federation of Businessmen], Juan Martin Caicedo Ferrer, said for his part that the president had asked the private sector for more sacrifice and understanding and that now it falls to these same unions to undertake an evaluation to determine whether they even have any further capacity for sacrifice, recognizing that the adjustment measures are necessary but questioning the acceleration of this adjustment process once again.

The bank, for its part, through Guillermo Nunez Vergara, president of the ASOBANC [Bankers Association], questioned the speedup in the rate of devaluation and predicted a rise in interest rates prevailing on the financial market, stressing the need for direct government intervention in order to reduce the cost of money.

The leaders of the workers unions, the UTC [Union of Colombian Workers], CTC [Confederation of Colombian Workers] and CGT [General Confederation of Labor], on the other hand, indicated that while President Betancur insisted that the country retain its economic autonomy, the situation today is critical, and they reiterated that they will send a document to the chief of state setting forth the needs of the working class, and that whether the national civic plan becomes effective will depend on the response.

Other trade union and workers leaders and political spokesmen who attended the meeting at the Narino Palace said that the statements made by the president merit careful analysis, in order to be able to make a basic judgment of the current economic policy and its effect on the future of Colombian citizens.

Imports

In his speech to businessmen, politicians and workers, President Betancur stressed the fact that the agreements reached last week with the IMF in Washington do not mean that the country has lost its economic autonomy. He also reiterated that this is a special agreement which will make it possible to ensure that the foreign resources needed for financing national development are obtained.

The first executive took time to explain the handling of foreign trade in detail and he stated that at no time has the Colombian government promised any international body to do away massively with the existing restrictions on imports.

These will be eliminated gradually, in accordance with the foreign exchange and economic circumstances of the country, President Betancur said.

Concerning the job sector, the chief of state noted that this is a commitment which falls not only to the government but also demands an important contribution from the private sector. He said that the executive body is studying new strategies for promoting productive investment and therefore to stimulate the generation of new job sources.

The trade union leaders said that this was the first in a series of meetings which will be held in the coming weeks for the purpose of evaluating the real impact of the agreements reached last week and the adjustment process.

Other leaders, such as the president of ACOPLASTICOS [Colombian Association of the Plastics Industry] and the Coffee Exporters Association said that this process of adjustment, which is already well-developed, involves changes and consequences which should be analyzed in detailed fashion in order to assess their true repercussions.

COLOMBIA

LIBERAL PARTY LISTS CONDITIONS FOR BUDGET APPROVAL

Bogota EL ESPECTADOR in Spanish 10 May 85 pp A-1, A-11

[Article by Marcela Giraldo]

[Text] The Liberal Party has made eight demands regarding economic and financial aspects to be included in the government's budget initiative as a condition for discussion and eventual passage of the plan.

The party's position was adopted by the bicameral budget committee and by the National Liberal Directorate (DLN) in response to the profound dissatisfaction they felt with respect to Finance Minister Roberto Junguito Bonnet's answers during the debate on the conduct of economic policy.

Despite these conditions, however, the Liberal Party did agree to return to deliberations in the budget subcommittee, where discussion of the government's plan will begin.

The procedure to be followed is that the political group will present its list of demands to the rest of the subcommittee, and if there are negative reactions, the DLN as a whole will decide whether to accept or reject the budget package.

Yesterday marked the end of the fifth session of the debate involving the minister and Liberal Party representatives William Jaramillo Gomez, Cesar Gaviria Trujillo, Victor Renan Barco, Miguel Mottoa and Edgar Papamija. The Liberals took nearly 2 hours to present their response to the government.

Galanists Jorge Valencia Jaramillo and Gabriel Rosas Vega stated for the record that they were dissatisfied because there had not been enough time for their group to state its objections to the finance minister's responses. They described the attitude of some congressmen as one of "absolute rudeness, because we did listen attentively to the Liberals, but we are not allowed to present our points of view." In protest, they withdrew from the budget subcommittee yesterday.

A quorum was not present in the Third Committee of the House of Representatives, though there was one in the Senate, and the session adjourned after the mandatory 2 hours had passed.

Unlike other days, the Conservatives were present in greater numbers, although there was still considerable absenteeism. Among the Conservatives who have attended most of the meetings, most noteworthy are Congressmen Ossman Ramirez, Hernando Gomez Otalora, Rodrigo Marin Bernal, Hernando Barjuch and Carlos Martinez Simahan.

Liberal Conditions

The DLN today will issue a memorandum outlining the points agreed upon by the bicameral committee. These points, which will be submitted to the rest of the budget subcommittee for approval, are as follows:

1. Expand the jurisdiction of the Colombian Family Welfare Institute (ICBF) and the SENA [expansion unknown], without cutting their resources or transferring them to common funds. Rather, any capital surpluses in these entities should be allocated by the SENA to the industrial schools, and by the ICBF to programs for potable water, children's hospitals and rural aqueducts.
2. Exempt workers from income declarations, and tax them only by means of the system of withholding at the source.
3. Reconsider the elimination of the 8 percent import tax on paper and agricultural inputs.
4. Form a special committee to draft proposals for extending the exchange relief benefit established by Resolution 33 and other Monetary Board resolutions to public service enterprises, whose foreign debts are made more costly by the accelerated devaluation process.
5. Prohibit the surreptitious return of National Savings Bonds (TAN) by entities with excess liquidity.
6. Establish a system of withholding taxes at the source for capital income.
7. Issue a note or peremptory notice clearly expressing the Liberal Party's dissatisfaction with the government's failure to explain fully the agreement with the Permanent International Meat Organization (OPIC), and its total disagreement with the signing of an exchange of notes between Colombia and the United States.
8. Adopt drastic penalties against tax evaders, particularly those who avoid paying the value added tax and those who withhold payments due the government.

Questions Continue

The DLN memorandum includes another eight points, considered to be questions that still need clarification by the government.

These points cover the considerations brought up by Liberal Senators Jaramillo Gomez, Renan Barco, Gaviria Trujillo, Edgar Papamija and Miguel Mottoa during the debate on the conduct of economic policy.

They expressed concern about the following problems:

--The government was unable to account for its failure to fulfill the commitment it made to Congress in December of last year not to pass on to consumers the value added tax on soft drinks, which was supposed to be levied on the monopoly that manufactures the products, not the public.

--The government also failed to prevent entities with excess liquidity from investing their resources in official bonds other than TANs. This point arises from Jaramillo Gomez' accusation, based on information from the Comptroller's Office, that the National Coffee Fund was allowed to invest 3 billion pesos in coffee bonds, when these resources should have gone to the TAN legal reserve or support fund.

On this matter, the finance minister explained that the provisions governing this area are being adhered to 100 percent, as established, and that this fund operates out of the Bank of the Republic.

--The government was unable to provide detailed information about how much public investment spending would be cut, and the entire burden of the budget adjustments has fallen on the workers. With weighted salary increases of 10 percent last year, these workers must deal with an inflation rate not of 22 percent, as projected by the administration, but of 25 to 28 percent, according to the experts.

--The Liberal Party can in no way support the philosophy behind the operations to rescue companies that have gone bankrupt due to mismanagement, much less the recapitalization of the financial sector for 33 billion pesos, when small and medium businesses will receive only 600 million pesos.

--The government has also failed to extend and expand the tax base to other sources of capital income.

--The Liberal Party also expressed its concern and disagreement with the unilateral agreements on the new foreign investment system, signed between Colombia and the United States, and with the signing of the exchange agreement with OPIC without prior consultation with the Foreign Relations Committee, at the expense of economic sovereignty.

--It once again expressed its repudiation of the policy of cutting the ICBF and SENA budgets, because the social burdens once again fall on the workers' shoulders.

--Finally, it added its dissatisfaction with the government's decision to adopt the monitoring mechanism with the International Monetary Fund without a formal agreement, which will certainly have to be signed within 6 months if the country's fiscal and exchange situation does not improve.

8926

CSO: 3348/674

COLOMBIA

PRODUCTION COSTS LOWER CROP PLANTINGS; SHORTAGES POSSIBLE

Bogota EL SIGLO in Spanish 8 May 85 p 10

[Text] In addition to losses accumulated from previous years, higher production costs, including seed, labor, fertilizer and other consumable expenditures, have had a negative effect on the country's agricultural activity, reflected in smaller areas planted. This, combined with factors related to the climate, results in speculation about the supply of food on the national market in the months ahead.

Prices in recent months have registered a high rate of growth, mainly due to the behavior of prices for farm products, and prospects in this sector in the months ahead are favorable for some crops, although uncertain for others.

In its latest report, the Agricultural Evaluation Committee, coordinated by the Livestock Bank, notes that the effects of the winter at the end of last year and now of the summer early in 1985 have hurt some crops, meaning that there is uncertainty about supplies on the domestic market in the coming months.

In the face of this situation, with insufficient production of certain farm products, the government has decided to import different commodities in order to check the rise in prices.

Products such as potatoes, which had a surplus at the end of last year and relatively low prices, are now scarce and expensive, a situation that should return to normal as the coming harvests come in.

Other products such as cotton exhibit substantial progress, especially given the difficult crisis experienced in the early years of this decade. However, foreign prices for the fiber have gone down and are beginning to have a negative effect on the sector's projections.

Evaluation

The following information comes from the report on the main crops presented by the Agricultural Evaluation Committee:

Sesame

Export possibilities are uncertain due to the excessive price per ton on the domestic market (106,000 pesos). Consequently, the feasibility of marketing abroad is becoming ever more remote and difficult, especially when there is no final agreement on prices.

National production is used for mixing. This is due to the high quality of sesame oil, which substantially improves viscosity and therefore, the presentation of cooking oil. In addition, its use results from the difficulty of importing other liquid oils.

Sesame oil is now priced at 270,000 pesos a ton.

Barley

Due to the extremely hot summer affecting areas where this crop is planted, it has been necessary to request an extension of deadlines for sales of seed and for the registration of areas until the end of May. Even so, it will not be possible to recover areas initially included in plans because by 25 March, the date set by the guild, only 33 percent had been planted (7,014 hectares).

It is hoped that rainfall will return to normal, ensuring satisfactory production in the month of September.

The sale of seed for this 6-month period, lower than planned and equal to the same period in 1984, plus its high cost, explains the drop in area planted.

There are great hopes among growers because of the appearance on the market of the so-called "Chia" variety. Its special genetic conditions will improve per-hectare yield.

Wheat

The Icata and Susaca varieties were in great demand at the beginning of the planting season, but because of their susceptibility to rust and the easy dropping of grain, the guild has recommended they not be used.

Dry weather in the departments of Cundinamarca, Boyaca and Narino has contributed to the reduction in planting, although fields planted in Boyaca are uniformly sprouting because of proper farming practices.

Like barley, this crop is typical of areas with small producers who do not apply to the Financial Fund or register their fields.

Soybeans

The support price continues to be lower than the price paid by private enterprise, which in addition pays a 15-percent advance to farmers based on the value of the harvest. In Huila and Tolima, departments where the crop is relatively new, the guild is providing technical assistance and seed.

Previous production did not meet the purchasing capacity of marketers and the price was above that set at 2,500 pesos.

Soybean cakes are being shipped to food processors based on agreements between the Ministry of Agriculture and IDEMA [Agricultural Livestock Marketing Institute] with manufactures of balanced livestock feed.

Sorghum

The area planted did not come up to expectations for this 6-month period, despite the increase registered by March 1985 in the area enrolled (2,561 hectares) and the area financed (3,076.2 hectares), compared with the same period of last year, due to the very hot summer in sorghum-growing zones.

This situation has hindered the work of planting and cultivation and in the Cauca Valley area, planting began in the third week of March. In the Department of Bolivar, such work will be feasible only at the end of April. Coastal producers are worried over the current low yield. This problem may be solved in the future, once the guild concludes the final phase of research in Monteria and computes the results making it possible to use a high-yield hybrid that is suitable for the area.

The supply of seed has not been adequate in certain regions along the Atlantic Coast (Codazzi, Cerete and Fundacion).

Products used for the planting of the crop continue to rise in price, but distribution continues to be normal.

National demand is fully guaranteed, with an adequate supply for the market, thanks to the timely efforts of the government in importing the necessary volumes.

Cotton

The average market price on the coast was 86,680 pesos a ton for cottonseed. The average drop was 6 percent.

Regarding marketing, the effects of the drop in the international price for the fiber continue to be felt and certain unions have not sold their stock (Coral, Asocesar, Asosinu and other smaller ones, which have some 12,000 tons of fiber on hand).

Total production of the Costa-Meta harvest is an estimated 80,500 tons of fiber, of which 50 percent will go for export and the rest to Diagonal.

For the harvest in the interior, Norte del Valle reports problems of phytotoxicity in several fields due to the improper application of herbicides. In general, however, the crop is normal.

In Tolima and Cundinamarca, planting is late because of the lack of rain. Only 55 percent of the area registered has been planted and 70 percent of that area is 15 days old. April planting beyond deadlines can be observed.

Potatoes

Planting during this period has dropped substantially because of the scarcity of seed, excessive increases in production costs (especially the price of fertilizer) and the lack of funds on the part of producers. This situation emerged in the final months of last year because of the noteworthy reduction in prices for the product. Fortunately, the current price is an incentive for new planting, but not for the consumer, who will face a difficult situation with another increase in the cost of living.

In Boyaca, the supply of potatoes reacted to the good prices, but quality suffered because of poor storage procedures. At the end of the month, the price stabilized at 2,000 per load of 125 kilograms for the pastusa variety.

Per-hectare yield anticipated for this 6-month period will drop appreciably as a result of the long summer that has affected the departments of Cundinamarca and Boyaca. In eastern Antioqueno, production is expected to be normal because the crop enjoys suitable conditions.

Rice

The supply of seed continues to be normal. In Meta, the demand is mainly for Cica 4, Cica 8, Metica 1 and the predominant Orizica 1. In this department, planting shows a 42-percent increase and is estimated at 34 hectares per producer.

However, the areas planted do not exceed figures for the A/84 [sic] 6-month period.

In Costa, there have been phytosanitary problems caused by attacks of Sogatode, and there is a rotation of the crop in highly infested fields (Monteria).

In Santa Marta, the presence of rodents would point to a drop in production of up to 25 percent. Their control is becoming difficult.

Domestic marketing has been aided by high demand for paddy rice on the Stock Exchange. In addition, IDEMA is emptying out its stock and thus regulating the market.

Regarding foreign demand, 8,000 tons of good-quality rice have been shipped to Ecuador, thus continuing a good policy of encouraging exports of the product.

Corn

Estimated planting for the A/85 6-month period is 102,505 hectares, corresponding to hybrid and traditional corn. This figure includes areas in Cordoba, Caqueta and Patia, where semi-hybrid corn is planted not included in previous statistics. Consequently, the anticipated increase will be 25,000 hectares, more than the last 6-month period (40,670 hectares).

Prices per ton have shot up in recent weeks, rising to 46,000 pesos for transactions outside the Stock Exchange. This is due to the critical harvest of the previous 6-month period and explains why there was already no corn on the national market in February. For this crop, IDEMA managed to buy 15,000 tons of the product, which was only 50 percent of the volume bought the previous 6-month period.

Faced with this situation, the government opted to import 20,000 tons of corn. Thus, it will partially control booming prices and have a steady supply, at least for a month.

11,464

CSO: 3348/675

COLOMBIA

TERRORIST RANKS GROW DESPITE AID TO AMNESTIED GUERRILLAS

Bogota EL ESPECTADOR in Spanish 4 May 85 pp A-1, A-11

[Article by Aura Rosa Triana]

[Text] The national government paid nearly 4 billion pesos to the beneficiaries of the amnesty law and to numerous victims in the areas of violence through direct economic subsidies to those who had taken up arms, as well as taxis, housing, loans from the Colombian Institute for Educational Credits and Overseas Technical Studies (ICETEX), and credit from the Farm Loan Bank.

Minister of Government Jaime Castro Castro submitted the economic aid figures to Congress and declared that this was not an autonomous decision by the administration, but rather a provision included in Law 35 of 1982, which declared the amnesty and empowered the government to give this kind of assistance to those who joined the country's peaceful life under the amnesty program.

As the minister of government was reporting to the First Committee of the Chamber of Deputies on the economic benefits provided to amnestied guerrillas, Maj Gen Augusto Moreno Guerrero, the chief of national defense, was announcing that the military will repress "armed political proselytism with all due vigor."

The Constitutional Committee of the House of Representatives spent more than 6 hours yesterday in a detailed examination of the degree of public order, the effects of the amnesty, the status of the peace process and the prospects for a pardon.

The ministers of defense and government reported on the evident increase in extortion and kidnapping, the murder of more than 800 peasants accused by the guerrillas of collaborating with the security forces, the increase in the number of guerrilla troops, and the presence of factionalism and dissidence among the subversives, who are taking advantage of the truce to rearm.

Aid to Amnesty Beneficiaries

At the request of Conservative and Radical Representative Nestor Nino Cruz, an opponent of the Betancur administration, the minister of government confirmed that millions of pesos have been invested in the programs for rehabilitation,

land, housing, credit, and education for the amnesty beneficiaries, as authorized by the amnesty law.

Each of the 1,504 guerrillas who accepted the amnesty received a direct subsidy from the state for 1 year. During the first 6 months the individual contribution was 9,000 pesos. For the following 2 months the cash assistance amounted to a little over 6,000 pesos. In months 9 and 10 this aid was cut to 4,500 pesos, and in the last 2 months to 3,000 pesos. The amnesty beneficiaries also received a payment of 600 pesos for each minor child.

The total cost of this economic assistance was 101 million pesos.

Those who benefited from the amnesty law also received another kind of aid: The Transportation Finance Corporation provided 51 taxis, which cost 31 million pesos. The government reported that during the same period, the Corporation gave away 4,400 taxis throughout the country, 51 of them to amnestied guerrillas.

ICETEX granted former guerrillas 15 educational loans for study inside the country and 17 for study at foreign institutions. These loans amounted to 4.5 million pesos and US \$190,000, respectively. During the same period, ICETEX granted other Colombians 51,700 loans for domestic study and 1,637 for foreign study.

The Territorial Credit Institute awarded 148 houses, 87 of them in Cundinamarca for the amnesty beneficiaries, at a cost of 125 million pesos. Nearly 100,000 homes were granted to ordinary Colombians.

Finally, the Farm Loan Bank processed 30,500 loans for former guerrillas and victims of violence, valued at 3,827 billion pesos.

Partial Rearmament

The acting minister of national defense, Maj Gen Augusto Moreno Guerrero, also responded to extensive questions by Representatives Nestor Nino Cruz and Carlos Pineda Chillan. In response to expressions of concern by some congressmen with regard to the guerrillas' attitude during the truce, he confirmed that some guerrilla factions and dissident groups have taken advantage of the truce to rearm.

Although he admitted that many guerrillas did sign and respect the truce agreements, those who did not sign, or who did and are now reneging on their promise, have been more belligerent. This has given the impression that they predominate over the others.

"The security forces," stated Maj Gen Moreno Guerrero, "have scrupulously respected the groups that have fulfilled their commitments, but they have taken strong action against those who persist in their criminal activities."

The acting minister contended that the guerrilla groups apparently want to divide up the country among themselves, but he reiterated that the military has been and will remain stationed throughout national territory.

The military chief presented a report on the results of the military's operations since January of this year, and on the increase in some atrocities.

Kidnappings and Murders

Moreno Guerrero stated that kidnapping and extortion have reached alarming proportions. He confirmed that 170 people are being held by kidnappers in this country at present, and in 60 of these cases it is not known whether the kidnapping was perpetrated by subversives or by common criminals. So far this year, security forces have freed 31 kidnapping victims.

Last year there were 299 known cases of kidnapping. No one knows how many cases of so-called "ticket-selling" and "vaccination" extortion took place.

This year 191 people have been brought before judges on charges of extortion, and 140 have been accused of kidnapping. Fifty-one people have been killed during operations to combat these two crimes.

The 30 special judges named in November to investigate these crimes have 298 cases on their dockets.

The major general stated that the execution of peasants accused by the subversives of cooperating with the authorities is a crime that shocks society. "Now it appears that such cooperation has become a crime punishable by execution," said the military commander.

He reported that between 1983 and this year more than 800 peasants have been killed in this way, 109 of them in the last 4 months.

More Guerrilla Troops

Minister of Government Jaime Castro Castro responded to a question by Nestor Nino about the number of armed troops estimated when the amnesty law was passed and the present number. He confirmed that according to estimates by the security forces, there was a major increase in guerrilla troops between 1982 and 1984.

When the amnesty law was passed, the military calculated that there were some 3,320 guerrillas (defined as those armed with long-range weapons), with a direct auxiliary corps of nearly 8,000. At this time, the number has risen to 3,682 guerrillas.

The groups that have grown the most during this period are the Revolutionary Armed Forces of Colombia (FARC), which added 84 guerrillas to its ranks; M-19, with 109 additional troops; and the Army of National Liberation (ELN), with 232 new recruits.

Castro Castro explained, however, that the problems caused by the subversive groups do not depend exclusively on the number of troops they have, but also on their organization and effectiveness.

He confirmed that at least the most notorious leaders of the guerrilla groups returned to armed activities after being amnestied, but he said he could not name names because no official is conducting or can conduct an individual follow-up of the people who accepted the amnesty.

Referring to the scope of the pardon, he stated that since this plan entails the pardoning of convicted guerrillas, the suspension of pending cases against them and a moratorium on pressing new charges, all guerrillas are potential beneficiaries if they choose to accept the terms of the law.

Smaller Military Budget

Maj Gen Augusto Moreno Guerrero revealed that the budget for the military was cut this year by 13.579 billion pesos, 34 percent of the 1984 allocation.

Last year the security forces received 38.925 billion pesos, but this year only 25.346 billion pesos has been budgeted. The government has announced, however, that it will make some additional allocations to this sector.

The acting defense minister stated that the military respects the government's allocation decisions. He admitted that it has had problems processing foreign weapons procurements, but the Colombian Foreign Trade Institute (INCOMEX) has provided special treatment that will enable the military to import the new weaponry soon.

In response to a question by Carlos Pineda Chillan regarding the quantity and quality of arms possessed by the guerrillas, Moreno Guerrero stated that each guerrilla has a long-range weapon, and each of the guerrilla auxiliaries has a sidearm. He acknowledged that these are modern weapons that the guerrillas purchase abroad, paying with dollars, which means that they have ample sums available for that purpose.

Moreno Guerrero answered another question from Pineda Chillan by saying that no one in the top echelons of the military or at any other level of the armed forces opposes the peace process, because the military has also been affected by the violence, and sincerely and honestly wishes an end to it.

He reported that between last year and this year, 160 soldiers have died and 174 have been wounded.

"I Support Peace"

Education Minister Doris Eder de Zambrano was subpoenaed to clear up recent statements she made to the effect that she preferred that the chief of the FARC, Manuel Marulanda, not be pardoned. She claimed to support the peace process and the pardon bill that excludes kidnapping, extortion and atrocities.

She explained that she had made the statement in a personal capacity, and should not have made it because she cannot divest herself of her capacity as minister in order to express personal opinions. She concluded by saying that if the pardon covers Manuel Marulanda Velez, "let the law be welcomed, and let bygones be bygones."

COLOMBIA

DENATIONALIZATION, INDIVIDUALIZATION OF PORTS URGED

Bogota EL SIGLO in Spanish 6 May 85 p 5

[Text] The problem of Colombia's ports is about to become another sterile cliché. Everyone knows they do not work well and suffers the consequences, but time goes by and no one does anything to deal with a situation that grows worse each day.

When centralism was gaining force, it was believed that the solution lay in creating a multitude of institutes that would carry out functions formerly undertaken by modest national agencies. Major departments and municipalities followed suit, and the country witnessed a veritable explosion of entities of this type. Institutitis became an epidemic.

The passage of time showed that the curative effects were few and far between, and that the autonomous entities had ceased to be a remedy and had become a new ill plaguing the state. They spun their wheels without adequate controls, as if they had nothing to do with the rest of the public sector. In fact, they often opposed government policies. They exhibited an extremely insolent attitude toward the rest of the administration. Their managers considered themselves veritable kings of independent republics, treating the public disdainfully and showing an audacious disregard for Congress.

It was difficult to impose a modicum of discipline on them because when the public realized what had happened, we had already gone too far down the wrong path. These bodies had actually become prodigal centralizing institutes.

The offices where decisions are made on matters that affect the daily lives of our provinces were not even brought closer to the regions by these institutes. The Colombian Port Enterprise is a typical example, in which myriad negative factors come into play. To begin with, its top officials are in Bogota, where the only waters are those of the San Francisco River, which is channeled underground; the Juan Amarillo River, which has become a stinking sewer; and the filthy Bogota River, the most contaminated river in the world relative to its length. Then there are the waters of the aqueduct, of course. But no one would find in these waters sufficient reason to concentrate the management of maritime terminals in this city.

Our coasts are thousands of kilometers from the capital, and their ports have different characteristics that deserve special treatment in each case. They

also need a high degree of autonomy so that they can be run efficiently and smoothly, an indispensable requirement in this kind of operation.

The country is already well aware of the diagnosis of the ports' ills, whose costs must be underwritten by producers, merchants and consumers. No one is immune to their effects. There is a general awareness of the deplorable state of the terminals, supplemented occasionally by news of machinery rusting away in the yards, cargo losses due to mishandling, delays, constant work stoppages, abuses committed under the protection of very costly labor regulations, plundering of the goods that dare remain in the warehouses, frequent congestion, and high rates.

Port users know that the actual situation may be even worse. In case any doubt remains, the shipping companies remind us of the inefficiency of our ports in the clearest language of all: the high freight rates and surcharges with which they constantly penalize trips to Colombia.

The port enterprise is, thus, a living example of the worst aspect of centralization. What to do? Decentralize; that is the key.

If the Colombian Port Enterprise disappears and we grant autonomy to the maritime terminals so that they can be administered independently, and each of them assumes responsibility for properly organizing itself and competing by providing better service, then we will eliminate the root of the problem.

To begin with, a considerable portion of the budget that is eaten up by the central office would be saved. Each port would be administered independently by people who know its needs first-hand, from offices close to the docks where they could watch the work in broad daylight, minute by minute, rather than from the offices in the highlands of Bogota. If some project requires a cooperative effort by all ports, there is always the possibility of establishing a common fund to meet these needs, without having to maintain a useless official apparatus.

Each port city, each department has an immediate interest in its docks, far stronger than that of any bureaucrat transplanted to Bogota. Barranquilla values and defends its port, as Cartagena and Santa Marta do theirs, or as Valle del Cauca and Narino appreciate Buenaventura and Tumaco. They would monitor and encourage the autonomous port administrations as no one else could; they would benefit from the improved operations of these vital points of entry and departure to and from the country; and they would save the ports and thus eliminate one of the most persistent headaches plaguing Colombians.

Our cities and departments are mature enough and have enough qualified people to run their own affairs. Let us treat them like adults. Recognizing the autonomy of the ports would be a magnificent beginning.

8926

CSO: 3348/674

COLOMBIA

BRIEFS

UNIONS SAID PREDOMINANTLY COMMUNIST--In connection with the president's Thursday morning meeting with the trade union confederations, Deputy Tulio Cuevas has submitted a long study to the chief of state showing that the official trade unions are controlled by the Marxist CSTC [Trade Union Confederation of Colombian Workers]. According to Cuevas' research, 65 percent of the unions of government workers are controlled by the Marxist confederation. The change has been very sudden because 5 years ago, 100 percent of all government workers were affiliated with the UTC [Union of Colombian Workers], a predominantly Christian Democratic labor confederation. [by Alberto Giraldo] [Excerpt] [Bogota EL SIGLO in Spanish 4 May 85 p 1] 11,464

BOGOTA UNEMPLOYMENT GROWTH--Between March 1983 and the same month of 1985, a 2-year period, Colombia's four largest cities would have had to generate 403,605 new jobs to absorb the increase in the economically active population. However, the capacity to create new jobs was below that figure and only 229,941 actually emerged. The shortage of jobs in Bogota, Medellin, Cali and Barranquilla totaled 173,664, of which 134,933 were in the capital, equivalent to 77.7 percent of the jobs needed so that unemployment in March 1985 would be the same as 2 years previously. [Excerpt] [Bogota EL SIGLO in Spanish 6 May 85 p 10] 11,464

OIL PIPELINE CONTRACT AWARDED--The Colombian Petroleum Enterprise (ECOPETROL) announced the existence of proven reserves of 55 million barrels in Apiay-Meta yesterday, while at the same time announcing that the contract for the construction of the Rio Zulia-Covenas oil pipeline has been awarded to the North American Bechtel firm. This will make it possible to export crude oil from the Cravo Norte zone in Arauca. The president of the state company, Alfredo Carvajal Sinisterra, made these announcements during a press conference, while also admitting that because of certain problems encountered, the commissioning of the oil pipeline which will link Cravo Norte with Rio Zulia, scheduled for 7 December, may be postponed. The construction of the two pipelines, at a cost exceeding \$750 million, will make it possible to send crude oil from Cravo Norte, where the recoverable reserves known to date have been reported at 600 million barrels, to the refineries in Cartagena and Barrancabermeja and the port of Covenas, which will be entirely modernized. [By Arturo Menendez Vall-Serra] [Excerpt] [Bogota EL SIGLO in Spanish 12 Apr 85 p 1] 5157

DOMINICAN REPUBLIC

BALAGUER OPPOSES ADDITIONAL DEBTS, TAXES

Santo Domingo LISTIN DIARIO in Spanish 19 Apr 85 pp 1, 12

[Article by Octavio Mata Vargas]

[Text] Former President Joaquin Balaguer stated yesterday that the Reformist Party may reconsider its opposition to new international loans, but he warned that these would have to be small loans under \$10 million. They would also have to have long payment periods, and would have to be very beneficial to the country's development.

The Reformist leader indicated that the Dominican Republic has already reached the limit of its indebtedness capacity, and that is why his party does not favor taking out new loans.

He maintained, however, that he does not oppose small loans, especially those that involve technical aid and do not exceed \$8 million to \$10 million.

He stated that he was referring to loans granted by some countries, such as Canada and the United States, for example. These loans have very easy terms, with long payment and grace periods and very low interest rates.

Balaguer indicated that in such cases, his party will not change its position, but it may take a more flexible attitude.

"These are not really loans like the ones that led to the current crisis; that is, loans from commercial banks at very high interest rates and with very restrictive terms."

As for the loans to the Dominican Electricity Corporation that are being studied by the National Congress, Balaguer stated that "we would have to see what they are" to determine whether the party would favor approving the loans or not.

"In principle, I repeat that we are against all loans and all taxes, and we can only approve small amounts that could have a real impact on development," stressed the Reformist leader.

Matter of Principle

Balaguer explained that his position and that of his party opposing new loans is a matter of principle.

"We feel," he said, "that the country is saturated with taxes, that the Dominican tax system is already overloaded, and that under the present circumstances the country cannot allow new taxes, new tax burdens."

He added that "under current tax legislation, there are more than enough resources to create an administration capable of covering all the needs of the republic and of all sectors."

Balaguer stated that if the public debt increases as new loans are taken out, an unnecessary burden would be placed on future generations.

Dr Balaguer said that he had already told the Reformist Party spokesman in the Chamber of Deputies to consider whether loans would be favorable to the country's development and would not involve high interest rates and short payment periods.

Recently, the president of the Chamber of Deputies asked the legislators of the Reformist Party to reconsider their attitude regarding international loans, especially those that would contribute to the nation's development and would be granted on terms very favorable to the country.

8926

CSO: 3248/366

DOMINICAN REPUBLIC

FERRONICKEL COMPANY REPORTS 1984 LOSSES

Santo Domingo EL CARIBE in Spanish 10 May 85 pp 1, 4-A

[Text] Falconbridge Dominicana reported losses of 9,900,883 pesos during its 1984 operations, according to the annual report the mining firm submitted for that year.

The report, a copy of which was sent to this newspaper, states that Falconbridge began 1984 with a deficit of 105,352,895 pesos, and by the end of the year that figure had climbed to 115,253,778 pesos.

The document notes, in the section on losses, that ferronickel shipments brought in 343,440,657 pesos, while the costs of shipping the ferronickel, including expenses for marketing and distribution services, rose to 277,241,033 pesos.

It indicates that earnings on operations amounted to 66,198,624 pesos; interest on the debt totaled 63,328,038 pesos; income from currency exchanges and the loan from the World Bank amounted to 530,011 pesos; and depreciation and amortization totaled 23,171,413 pesos.

The report points out that income from plant and equipment withdrawal amounted to 95,936 pesos; other interest income totaled 2,754,646 pesos; and miscellaneous income amounted to 7,019,343 pesos.

The 1984 annual report of the mining firm states that it possesses assets of 50,530 pesos in cash, and 15,823,498 pesos in cash and short-term investments at cost (approximately at market value) deposited with the trustee.

Under accounts receivable, the report indicates that it has 21,368,926 pesos in collections in transit for ferronickel shipments, and 70,016,899 in pending collections.

It has 9,847,513 pesos in ferronickel inventories, and 35,304,055 pesos in materials inventories, the report adds.

Under assets, the report indicates that the company possesses 2,203,346 pesos in property, plant and equipment at cost; 2,203,346 pesos in property, rights of way, and plant and equipment at cost; and 408,094,909 pesos in property, rights of way, and plant and equipment.

The report, written by the Falconbridge Board of Directors, states that last year the firm "incurred a net loss of US \$8,648,832 in 1984, compared to a net loss of US \$32,762,580 in 1983.

The report was signed by J. T. H. Clelland, president of the company. It states that "the results of 1984 include a quarterly profit in the third quarter, the first profit the company has earned in a 3-month period since the first quarter of 1980."

It adds that "shipments of nickel in ferronickel totaled 53.4 million pounds, a 14 percent increase over the 46.7 million pounds shipped in 1983. The boost in production was obtained through technological advances in the operation of electrical furnaces and enhanced efficiency and productivity in other areas."

It points out that "the improvement in the financial results of 1984 reflects a constant, strict control of production costs, as well as a slight increase in the price of nickel over the year, even though that price was still low relative to the past and was not enough to generate consistent profits."

The report goes on to say, "According to the terms of its financial agreements, during the year the company asked Falconbridge Limited and Armco to contribute additional net financing of US \$4.2 million. These funds, in the form of subordinated notes, accrue interest at a rate tied to the prime rate in effect in New York on the day when the notes are issued."

It states that "the total value of the unpaid subordinated notes as of 31 December 1984, including accrued interest, was US \$150,977,629, at an average interest rate of 14.2 percent."

It adds that "in 1984 the company incurred a net loss of US \$8,648,832, after having made provisions for the interest on the debt, depreciation and amortization."

"The working capital at the end of the year totaled US \$32,431,335," notes the report, "including cash and short-term investments amounting to US \$5,402,269 deposited in certain trust accounts in accordance with the company's financial agreements."

The report by the mining company board of directors adds that "the total amount of the company's debt as of 31 December 1984, after making principal payments of US \$14,249,293, was US \$206,562,650."

It states that "this sum includes subordinated notes and cumulative interest of US \$150,977,629, above the funds provided by the project sponsors, and US \$10,607,824 of the long-term debt that falls due in 1985, which is shown as a current liability on the general balance sheet."

The report asserts that "in 1984 the nickel contained in the ferronickel exported from the Dominican Republic reached 53.4 million pounds, a 14 percent growth over the 46.7 million pounds that were exported in 1983."

It stresses that "the average price received for the nickel in 1984 was US \$2.28 per pound, compared to US \$1.99 in 1983."

As for employees, it says that "the permanent workforce at the end of 1984 totaled 1,128 employees, of whom 1,114 were Dominicans and 14 were foreigners, compared to a total workforce of 1,073 at the end of 1983."

8926

CSO: 3248/366

MEXICO

TEXCOCO BISHOP DISCUSSES NON-CATHOLIC THREAT, JUSTICE

Grassroots Church Communities Rejected

Mexico City LA JORNADA in Spanish 25 Apr 85 pp 15-17

[Interview with Texcoco's Bishop Magin Reyes, by Teresa Gurza in his office at Texcoco Cathedral; date not given]

[Text] Texcoco, Mexico--Texcoco's number two bishop, Magin Reyes, is an earnest, seemingly calm man who, nevertheless, smokes a great deal. The interview took place in one of the rooms of his offices at the Texcoco Cathedral. Speaking almost in a monotone and without any hand movements, the bishop answered questions without asking for a list of them in advance.

[Question] From the time that you were a small boy did you think that you would get to be a monsignor and a bishop?

[Answer] No, you don't start off as a priest. You enter the seminary to become a priest.

[Question] Why did you enter so young?

[Answer] Well...I had the vocation.

[Question] How did you sense that vocation at such an early age?

[Answer] Perhaps because of my family. The family is where vocations take root. My parents were devout believers and instilled a love of the Church and of the holy eucharist in me. That surely contributed to my vocation, and of course as a man of faith, I cannot deny God's intervention.

[Question] What are this diocese's main problems?

[Answer] Well, our main problem is the shortage of priests, together with the large population. This is a very populous region. I don't

know exactly how many people there are per square kilometer, but I would guess about 10,000...

[Question] That many? That's impossible...

[Answer] As I said, I don't know. That's a guess.

[Question] How many people are there in your diocese?

[Answer] Two million two hundred thousand.

[Question] And how many priests?

[Answer] There are 81 of us priests from the diocesan clergy; 17 have come from other dioceses for health reasons, working here and going to Mexico City to receive care, and there are 16 priests from various orders, the Holy Spirit, Paulines, Trinatarians and friars of the Kingdom of Christ, which is a communal group, not a religious order.

[Question] Any other problems?

[Answer] The overcrowding in the diocese. Towns of 20,000 and 30,000 squatters spring up overnight.

[Question] Are you able to serve them?

[Answer] Very, very poorly. We celebrate Holy Mass for them. That's all.

[Question] Not even confession?

[Answer] No, that's it. Little by little, when we are able, we assign a priest. In a word, the basic problem, as I said, is the shortage of priests. Another problem is the shortage of lay Gospel preachers, but this is also due to the shortage of priests, who are the source of any apostolate.

[Question] Wouldn't it be better for you to serve certain areas well and not bother with others, rather than to serve all of them poorly?

[Answer] No, because the law and the constitution of the Church say that wherever there is a parish, there must be a parish priest, and we cannot leave parishes without their priests.

[Question] What other problems do you have?

[Answer] Only big ones. But there is never any lack of minor problems either.

[Question] Are there different sects in this diocese?

[Answer] There sure are, especially in the last 5 years. What a mess! They have proliferated so much. With huge numbers of people there are very many problems, but they all basically stem from the shortage of priests.

[Question] Even the problem of other sects?

[Answer] Yes, of course. Because if we had enough priests and trained pastoral agents to visit and instruct families, even if the people from the other sects came, they would not arouse interest.

[Question] What are the main sects here?

[Answer] The Jehovah's Witnesses, Mormons, Evangelists, Spiritualists, those are the main ones.

[Question] And where do they get their evangelists from?

[Answer] It is my understanding that the Mormon Church brings in people from the United States. They are university students doing a year of service to inculcate their doctrine. But I couldn't tell you precisely where they get their agents from.

[Question] Do the other sects have Mexican or foreign agents?

[Answer] All of the Mormons are foreigners. In the other sects there are Mexicans.

[Question] Why is it that the Catholic Church doesn't have agents or apostles and the Protestant sects do?

[Answer] Well, I think that economics has a lot to do with it. I feel that the United States subsidizes these groups, these sects. They have their food, their clothing covered. It's just like another job. Just as people go to work every day in factories and offices, these people are well paid and work as evangelists.

[Question] And aren't Catholic priests well paid?

[Answer] You know how the Church lives in Mexico. It lives off alms from the faithful.

[Question] What do the other sects do?

[Answer] First they proselytize, tenaciously and even annoyingly. They visit families over and over again and are turned away. But they are so persistent that perhaps sometimes the families give them their name just to get rid of them.

[Question] And what about the Jehovah's Witnesses?

[Answer] Well, they proselytize too. All of the sects do, just as we make it a point to preach the Gospel. We engage in proselytism, but we do so in an ecclesiastic sense and in accordance with the word of Jesus, who said: "Go and teach all peoples."

[Question] How would you describe the proselytizing work that the sects do?

[Answer] I would say that it is harmful.

[Question] Why?

[Answer] Well, from my viewpoint I think it's harmful because since I am defending the truth of Christ and of his Church, I know that the truth cannot be in two different places that contradict each other. And I also feel that the sects have damaged national unity quite a bit.

[Question] In what way?

[Answer] Well, because at least 90 percent of our people say they are Catholic. So when other ideologies, other sects come in, there are clashes between people, and clashes shatter unity.

[Question] But do these sects confront Catholics?

[Answer] No, no. For the most part, the people who come from the United States are tenacious but respectful. In contrast, the Mexican Protestants do tend to cause trouble, if not bloodshed and things like that, at least blows to unity. For example, if a father remains Catholic and one or more of his children become Protestant, this naturally leads to a conflict between members of the family and the community, because the community is mostly Catholic, and when several religiously split families move in, there is concern among the Catholic families. It has been said recently of the Jehovah's Witnesses that they seek to destroy patriotic values, and accusations have even been leveled at these people, because, for example, their children do not salute the flag...

[Question] Really?

[Answer] Yes, during the pastoral visits that I have been making in the Ecatepec area, the priests there have emphasized this to me. They decided to get together and write a letter to the Interior Secretariat to call attention to this problem.

[Question] What does the Interior Secretariat say about this. Have you met with any official to explain the problem to him?

[Answer] No.

[Question] Why does Interior give visas to the Mormons and the others coming from the United States?

[Answer] Well, I don't think that our government can resolve problems right away like that, can it? I'm not absolutely sure of this, but I seem to remember that the president of the republic himself came out firmly against this invasion of sects. As newsmen you probably know more about this...

[Question] Of course, but what I'm wondering about is why, if they know this, do they keep on giving them visas?

[Answer] Well, a government can't resolve all of a country's problems in 2 or 3 years.

[Question] What do you plan to do here in your diocese to counter the sects?

[Answer] Look, this is the program that we have charted to do something about the sects. First, the need for a pastoral letter from the bishop on the problem. Second, group promotion so that the faithful get to know Scripture better as our Church interprets it. Third, make use of committed groups for intensive work on lists of households, to offset what the sects are doing in this regard. Fourth, in Sunday and even weekday sermons, make specific references to the doctrines of the sects. Fifth, have parishes promote books and magazines that talk about the sects and their mistakes, if possible, house to house. Sixth, there has been a suggestion about writing up some diocesan pamphlets about the sects and distributing flyers, posters and publicity **against** the sects. Of course, by "against" we are talking about their doctrines, not in the pejorative sense. And the seventh point is what I was telling you about: send letters to all civilian authorities pointing out the serious threat that the Jehovah's Witnesses pose to patriotic values.

[Question] And what are the Jehovah's Witnesses saying? Why don't they want to salute our flag?

[Answer] Well, their principle is that "thou shalt have no other God but me," so worshiping anything else is idolatry and therefore must be done away with because "it is a sin."

[Question] When will this program begin?

[Answer] We plan to set it in motion around June.

[Question] Do have anything else to say about the sects, monsignor?

[Answer] No, that's all.

[Question] What do you have to say about the current situation in the country?

[Answer] Well, in the first place, I think, the president of the republic is a sincere man who wants to tackle the country's problems, especially the foreign debt, which I feel bothers the government the most.

[Question] And how will he be able to tackle the foreign debt?

[Answer] Ask the economists. I couldn't tell you. I don't even fully understand what the foreign debt is about. In very general terms I do, but the whole business of interest and the country having to pay who knows how much and devaluations, all that...in a word, I wouldn't touch that. But I can tell you that he seems to me to be a sincere man who wants to gradually lift the country out of its present crisis. The hard part, though, is that a man does not govern the country alone; he is surrounded by many other men...I'm also thinking about the aspect of moralization. The idea of moralization that the president has put forth is very praiseworthy. If it were up to him alone to moralize the country...but he is very limited by many other persons and circumstances and...it's hard.

[Question] In addition to the foreign debt, what do you think the country's main problems are?

[Answer] Well, the ones that are currently being talked about and denounced: drug addiction, that sort of thing. The Holy Father is calling on young people to make ready for the future with great hope, and then these same young people, the leaders of our future society, are being poisoned with these vices.

[Question] Who do you think is poisoning young people?

[Answer] Well, the drug traffickers supposedly. They're the ones poisoning youth with drugs.

[Question] What other problems?

[Answer] Well, from my viewpoint as a churchman, shall we say, I don't feel that we have major problems. I think that the storm clouds have dispersed and that we don't have major problems.

[Question] What do you think about the statement that there is a concubinage, not a marriage between the Catholic Church and the Mexican Government?

[Answer] No, I don't think it's either a marriage or a concubinage. Marriage and concubinage are not the only two states in which man can live. There can be a very sincere and loyal friendship without concubinage, because if the comparison is with family life, there is friendship there as well.

[Question] What do you think the main problem is between Church and State?

[Answer] I might get into trouble...I really shouldn't say...but I will because several of my fellow bishops have. The main problem is not giving legal recognition to the Church.

[Question] What do you want it for?

[Answer] Well, some consider it a double-edged sword, don't they? More freedom for the Church to engage in its apostolic activities, but at the same time, a greater commitment to become involved in material values, which is certainly not the Church's objective.

[Question] Are you saying that you would have more freedom to discharge your pastoral duties?

[Answer] Let me give you a specific example. Since the Church does not enjoy legal recognition, it is not entitled to land when a population center springs up. It is not given land in a town to build a church and rooms for services where it can teach the Gospel. We, and more than us, the people are always fighting for a place for a church, a place to teach catechism.

[Question] But you do, in fact, get land, don't you, because there are churches all over...

[Answer] Yes, we do get land, but very little. For example, they give us only 600 square meters. And what can we do with 600 square meters.

[Question] What?

[Answer] Nothing. Maybe just build the church. But the place of worship itself is not that important at present for the Church. It is important because it is the house of prayer, but the lecture rooms where the community is given instruction are important too.

[Question] And can't the community receive instruction inside the church?

[Answer] No. Well, part of the community can. But take the case of the catechism classes for kids 5 to 12. You can't put different age groups together and teach them catechism. Sometimes catechism coincides with youth meetings or with pre-marriage talks or with meetings of Christian movements, short courses...

[Question] In view of this situation, wouldn't it be a good idea for you, as Mexican bishops, to promote the grassroots communities which meet in smaller groups in homes?

[Answer] No, we Mexican bishops do not recognize the grassroots communities.

[Question] Why not?

[Answer] Because the term itself is no longer in consonance with the Church. Puebla and we bishops support the idea of grassroots church communities, with this extra word added. In that case we support the idea. But not without the word "church." As far as we are concerned, the grassroots communities do not exist.

[Question] In order for them to exist, they have to be "church" communities? Are there nonchurch grassroots communities in Mexico?

[Answer] Of course not. But I have had experience with three grassroots communities in Nezahualcoyotl.

[Question] Is Nezahualcoyotl in your diocese?

[Answer] It used to be. The diocese was divided up in 1979, I believe.

[Question] In other words, you were involved in that expulsion of sorts of the Jeruits?

[Answer] No, no. The Jesuits were not expelled. There were no expulsions at all.

[Question] Where were they from then? Tlalnepantla?

[Answer] Nowhere. There weren't any expulsions. There was, however, a serious conflict with the Jesuits in Nezahualcoyotl because they were working with these grassroots communities, but they were not expelled and they still have a parish there. By the way, I was the one who set up a parish there for them. I didn't have a building built for them, but I did assign them a parish in the Sol district of Ciudad Nezahualcoyotl. I was not involved in the conflict. By the time I arrived the conflict was already over.

[Question] Did you meet Father Morelli?

[Answer] Yes, during the last few days that we was here in Mexico, he called me in to hear his confession. I was the last priest to hear confession from Alex Morelli. Well, I think I was the last because he was dead 15 days later.

[Question] You were telling me about your experiences with two non-church grassroots communities.

[Answer] Yes. We bishops do not accept them because we have detected that they have political overtones.

[Question] In what way?

[Answer] In that they politicize people and divorce them completely from the Church, don't you think? Because for the Church what comes first is building the kingdom of God. Of course we have to build it on earth, but not with such materialistic values, shall we say. This is why we do not accept the grassroots communities.

[Question] Do the grassroots communities impart materialistic values to people?

[Answer] No, not so much that. What they do is politicize people; they have political overtones.

[Question] In what way, monsignor, and what sort of overtones?

[Answer] Well, in the sense that they are demanding their rights, which they are entitled to do, but this is not the purpose of the Church.

[Question] In other words, they tell people to demand their rights, and you don't agree with this.

[Answer] Yes, I do. Of course I agree.

[Question] Then what don't you agree with?

[Answer] The fact that they give priority to politicizing people and not to explaining the word of God.

[Question] But if they are politicizing people into demanding their rights, and you say you agree with this, why is there so much conflict with them?

[Answer] I do agree with them completely on this. But there are values that ought to come first, aren't there?

[Question] In other words, before demanding their rights, they should know the Gospel.

[Answer] Yes, "the" Gospel, not "my" Gospel. The Gospel that Christ taught, because nowadays people are in the habit of saying: "What does the word of God mean to me?" But the word of God is not for me alone; it has universal meaning. If I apply the word of God just to my own needs and problems, I think that this is polarizing the word of God. To me, the word of God is for everyone. What God says is for you, for me, for everyone alike.

[Question] But do you think that God can speak the same way to a poor person who belongs to a grassroots community as to a wealthy person who does not need to learn how to protect his rights?

[Answer] Yes, the same way, he speaks the same way. His word has to be applied in accordance with the situation, but the word is the same for the poor and for the Third World as for the wealthy and the First World.

[Question] And who can the poor be just with, if not himself, by demanding his rights?

[Answer] Not only with himself but with everyone around him as well, right? We are now seeing a very amusing development. The poor are loudly demanding that other people treat them fairly. But are the poor being just with their boss at the office, for example, or with the head of the shop or the factory? Are they treating their families justly?

[Question] Could you explain to me how they are supposed to be just with their bosses, with people in charge and with their families?

[Answer] Well, in keeping with the concept of justice in giving each person what he deserves. That would be right. Giving each person what he deserves.

[Question] And how would this apply to the boss?

[Answer] In the sense of fair pay in accordance with material and spiritual needs.

[Question] But poor people aren't paying their bosses.

[Answer] No, no. I'm talking about the employers, the wealthy people.

[Question] But you say that one of the main problems now is that the poor are loudly demanding that others treat them justly and that the poor are not treating their bosses or their families justly...

[Answer] Yes. I am not radical just about the poor. Injustice is the great sin of the 20th century. What I was saying is that there is injustice on the part of both the rich and the poor, isn't there?

[Question] Yes.

[Answer] And you were asking me how the poor could do justice to others, weren't you?

[Question] Yes.

[Answer] And I told you by applying the concept of justice under which everyone is given what he deserves?

[Question] And what do the poor deserve?

[Answer] The poor deserve efficient, careful service, a job well done. This has to do with the working world. At home, well, parents are everything at home. The peace, the tranquility, the welfare and the happiness of the home depend on them.

[Question] Monsignor, you said that injustice is the big sin of the 20th century. What to you is the greatest injustice?

[Answer] That is a very difficult question to answer because you would have to look into and clearly understand the situation of each individual.

[Question] Monsignor, why do we have to look into the situation of each individual here and not when it comes to reading the Gospel?

[Answer] Well, it's somewhat different. The tenet or the law is "be just," and justice means "giving each person what he deserves." I could well have all I need to be financially well off, but I might be spiritually impoverished. So then, what the poor would be obliged to give me, so that there would be justice, would be spiritual peace.

[Question] In other words, in addition to everything else, the poor have an obligation to provide peace?

[Answer] No, no, no. I'm not talking just about the poor. Please don't polarize the situation. Both the poor and the rich have an obligation to provide peace. If I need peace right now, then people have to give me peace. If I need advice to resolve a problem, then I am entitled to receive advice. If my problem is financial, people should help me solve it. As I say, this is a two-way street, isn't it? Of course the poor are not going to help businessmen with financial problems, but they can help resolve other problems.

[Question] Such as?

[Answer] For example, the lack of peace that we were talking about, which is present all over the world, in all men.

[Question] And what could a poor person do to give peace to a wealthy individual?

[Answer] The Holy Scripture says that the greatest penance is to live everyday life, in other words, to do well what you have to do every day, to do your duty virtuously.

[Question] Monsignor, you were going to tell me what you thought the greatest injustice of the 20th century was?

[Answer] What would be the greatest injustice? Well, I'm going to tell you in general terms, because I don't want to polarize the rich and the poor. This injustice affects everyone: the lack of truthfulness. There is so much falsehood, so much lying in human relations...

[Question] On whose part? Who is being false?

[Answer] Everyone.

[Question] Monsignor, you say that you do not wish to polarize or divide the rich and the poor. But don't you think that the world is, in fact, polarized and divided between the rich and the poor and that Jesus Christ himself came to this world to help the poor?

[Answer] No. There you have it. That is polarizing, isn't it? Jesus Christ did not come just for the poor. No, no, no. They often asked him harshly why he ate with the rich, why he associated with sinners. He came to save everyone.

[Question] Why, then, was he born poor, when as God he could have chosen to be born into wealth?

[Answer] Well, the old catechism taught us that Christ was made man to show us the path to heaven through his life and his example.

[Question] Is there a new one that doesn't say that?

[Answer] The old one says this. I am talking about the edition, not about changes in the fundamental truths of the faith. The Lord came to show us the path to heaven with his life and his example. He also taught us that it is much more difficult for a rich man than for a poor man to achieve eternal life. But the kingdom of heaven is not just for the poor; it is for everyone. God wants the salvation of all men, absolutely everyone; he wants everyone to know the truth, everyone.

[Question] So why is it much harder for a rich man to achieve eternal life?

[Answer] Because at times we are too attached to material things, and our hearts are too fond of money. So it is much easier for a person who has nothing to enter the kingdom of heaven because he is not attached to what Puebla calls "the idols," the various idols that are our passions, our vices, etc.

[Question] And what about someone who doesn't have enough to be attached to?

[Answer] You have to ask yourself why he doesn't.

[Question] Why would you say?

[Answer] Why? You know quite well, don't you? There is a great deal of talk nowadays, and it really surprises me, about crisis and poverty. You should just see how the poor party. They really waste their money.

[Question] What do the poor do at their parties. How do they waste money?

[Answer] Well, they do everything that Mexicans are accustomed to doing, don't they? There's a lot of drinking, in addition to a lot of food, which is often not well served, though, is it? But most of all there is a lot of drinking.

[Question] Isn't that normal at parties?

[Answer] Normal? I see my workers here, for example. They get paid and on Saturday afternoon they're drunk.

[Question] What sort of workers do you employ?

[Answer] Bricklayers, because we're building the seminary preparatory school.

Biographic Sketch of Bishop

Mexico City LA JORNADA in Spanish 25 Apr 85 p 15

[Article by Teresa Gurza]

[Text] Texcoco, Mexico--Bishop Magin Torreblanca Reyes was born in 1929 in Huajuapán de León, Oaxaca, where he did his first 2 years of primary school. When he was 7, his father died, and the child was sent to Puebla to live with his uncle, a priest and rector of the Palafox Seminary there. He entered the seminary at age 12 and had 4 years of humanities and Latin and the initial years of philosophy. In 1949 he was sent to the Moctezuma Seminary in New Mexico, which was founded "during the time of religious persecution so that theologians would not have to suspend their studies." The seminary, which was then run by the Jesuits, was moved to Tula and later closed.

Bishop Torreblanca was ordained a priest in the diocese of San Cristóbal Las Casas on 19 July 1953; his uncle was archbishop there at the time. He worked alongside his uncle in the diocese for 7 years, leaving with him when the older man was named archbishop of Durango. In 1961 he was sent to Rome to work at the International Center for a Better World, "a center of theological renewal" run by Father Lombardi.

He returned to Mexico in 1962 to take charge of the Cuetzalam parish. "I had taken holy orders for the diocese of Puebla and I was only there on loan in San Cristobal and in Durango when my uncle was bishop and archbishop." The following year he was assigned a larger and more important parish, San Martin Texmelucan, also in Puebla, where he remained for 10 years. On 27 December 1972 he was named titular bishop of Assava, "an honorary post in one of the Asiatic dioceses that have now disappeared." He was ordained a bishop on 22 February 1973, serving as auxiliary bishop to the first bishop of Texcoco. In May 1981, upon the death of the titular bishop, he was appointed bishop in residence of the diocese of Texcoco. His official title is second bishop of the diocese of Texcoco.

When a boy enters the seminary, he is given his choice of a diocese and generally selects the one in which he was born. The bishop says that his vocation surfaced very early on because his family was very Christian and instilled a love of the Holy Eucharist in him.

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MEXICO

CAPITAL MAY DAY INCLUDES SCATTERED VIOLENT CLASHES

Interior Secretariat Statement

Mexico City UNOMASUNO in Spanish 2 May 85 p 7

[Text] The General Directorate of Information of the Interior Secretariat has issued the following release for the press, radio and television:

More than a million workers marched in front of the presidential balcony in an exceptional display of resolve, solidarity and ideological fortitude in which they vigorously made known their demands, demonstrated that they understood the exigencies of the struggle for national sovereignty and social justice and showed complete support for the labor policy of the president of the republic. The enthusiasm of the workers, the intensity of their march and, above all, the sense of awareness that prevailed throughout the celebration made it one of the most outstanding in memory. The working class has fully backed the nationalist policy of the government of the republic.

The parade with which the Labor Congress celebrates May Day began at 10 in the morning along the scheduled routes. The workers' slogans highlighted their defense of national sovereignty, the fortitude of their ideology, their understanding of the historic times in which we live and their determination to continue struggling to overcome the present difficulties.

The right to assemble and to demonstrate was also exercised by several other groups that chose different spots to march and demonstrate. The prevailing democratic atmosphere was evidenced in rallies, demonstrations and marches around the Juarez Memorial, the Monument of the Revolution and the Monument to the Child Heroes.

Several times close to 1,000 demonstrators who claimed to belong to COSINA [National Trade Union Commission], CNTE [National Coordinating Board of Education Workers] and the former people's preparatory school of Tacuba and Belvedere attempted to forcibly break through the columns of the Labor Congress and reach the city's main square. The group was turned back by the workers. The group ignored the directions of the authorities and provoked clashes around the perimeter of the

square. Having failed to breach the peace or break up the columns, the provocateurs withdrew along Juarez Avenue, shattering car windshields and shop windows along the way.

The workers commemorated May Day just as enthusiastically and intensely throughout the entire nation. In state capitals, local worker contingents gathered and made their positions known in the most open, enthusiastic and conscientious manner, enjoying the broadest guarantees of security and respect.

This day of the working class has reaffirmed that a democratic, participatory climate of solidarity with the people's causes prevails in the republic. The exercise of the right to demonstrate, protected by the rule of law, became a show of enthusiastic support for the banners of the Mexican revolution. The marches were a triumph for the nationalist policy of the president of the republic and for the struggle that the workers of Mexico and their labor organizations, together with the government of the republic, are waging to surmount our difficulties.

Trade Union Divisions Evident

Mexico City EXCELSIOR in Spanish 2 May 85 p 40-A

[Article by Marta Anaya]

[Text] "Zo-ca-lo! Zo-ca-lo! Zo-ca-lo...!"

This cry, chanted by thousands, marked the beginning of the huge brawl between independent unions on the one side and "granaderos" [a Federal District General Secretariat for Safety and Roadways police unit responsible exclusively for control of crowds and demonstrations] and other security forces on the other.

There was more than just clubbing, beating, kicking and scurrying about. The dogs were sicced on the union marchers; tear gas canisters were hurled left and right, and even a few shots were heard.

The worst of the ruckus during yesterday's May Day parade took place along Juarez Avenue (by the memorial), the Lazaro Cardenas thoroughfare and its intersection with Francisco I. Madero.

According to unofficial figures, 30 people were arrested, and 10 demonstrators and 3 policemen were wounded (one woman was hit by a bullet). Most of them are being attended to by the Red Cross.

It is difficult, however, to provide accurate information when suddenly all one sees are people running around, shoes flying through the air, pamphlets scattered about as demonstrators flee, clubs and bottles smashing against the transparent shields of the "granaderos" and people all over shouting "Let him go! Let him go!" as someone is

arrested (They are ignored, though, and dare not intervene as the detainee is beaten and dragged along).

One's field of vision was suddenly narrowed to this. A moment of calm later returned, though, time to regroup, and then another clash with the men in uniform...on the way to the Zocalo.

The human wave was again allowed to come in from the Alameda. More clubs, bottles and stones were hurled...and the police once again rushed at the crowd, pushing it farther and farther back.

But the cry "Zocalo! Zocalo!" could still be heard.

It would not be for long, however...

Many of the independent unions had agreed to meet at 9 in the morning outside the Hidalgo Theater (behind Bellas Artes). That is exactly what happened. A station wagon with a STUNAM [Trade Union of Workers of the National Autonomous University of Mexico] banner was their meeting place and information center.

Gathered together there were boys from preparatory schools, from the departments of law and medicine, people from the Socialist Workers Party, from the ironworks yard, SITEUNO, SINTE, SITUAM, PROVISA, CNTE and COSIRE. Their banners confirmed that they were all there.

Some read: "The union bosses make PROVISA laugh" or "We demand a wage boost," "Down with the austerity policy," "Enough PRI-administration demagoguery" or "An oil-rich country and a money-poor people."

The "armed" conflict, so to speak, had not yet broken out, but rifts were starting to appear between labor leaders. Some wanted to march to the Zocalo, while others wanted to head just to the Juarez Memorial. STUNAM refused to march to the Zocalo. It told its affiliates over loudspeakers:

"Don't play along with the provocations of cliques that want to take advantage of our organization. STUNAM has decided not to march to the Zocalo, and so has the General Council of Representatives, because the conditions are not right for getting STUNAM workers involved in a possible confrontation..."

But not all the other unions decided either to follow Jesus Martin del Campo and Raimundo Hernandez, from Section 10 of the CNTE, who organized the march to the Zocalo.

It was 10:30 in the morning. STUNAM decided to begin its own march to the memorial to separate from the other group. The people who would try to march to the Zocalo lined up on one side of Bellas Artes, on Angela Peralta, right behind the contingent from Section 16 of the CTM [Confederation of Mexican Workers].

Heading up the march to the Zocalo was the group from the CNTE, with its long white banner and initials in black. Behind it came the people from SITEUNO, INAH [National Institute of Anthropology and History], CUSINA [presumably COSINA], SITUAM [Independent Trade Union of Workers of the Metropolitan Autonomous University], SUTUIC, SUTINC, SUT, CIEA, the National Revolutionary Civil Association, the Movement of the People and the Coordinator of the B.A. Degree Holders Association.

And while they lined up and waited for 11 o'clock to start their march alongside the CTM, Martin del Campo told us: "It's not true that the council has decided to march elsewhere. We agreed to head for the Zocalo...What happened was that STUNAM held a special meeting yesterday and changed its mind..."

He went on to say: "We decided that we would try to get to the Zocalo because of the critical conditions that the workers are living in. And we are going to head out even though the government has brought in its forces. Because we education workers are demanding a wage boost. There just can't be teachers earning less than the minimum wage, as was the case until March..."

"But they won't let you through," we indicated.

"Yes, there will very likely be repression. But let them take the responsibility," Martin del Campo replied.

Section 16 began marching at exactly 11:00. The independents tried to walk alongside them. The law enforcement groups (the CTM's own) blocked the way, their arms linked. The independents then chose to wait and march behind the CTM.

More than 50 "granaderos" with helmets, shields, clubs and police dogs took up position on the corner of Francisco I. Madero and Lazaro Cardenas (the Sanborn's side). The CTM people were barely able to march single file. The crowd became frightened; the dogs were let loose, and in spite of it all the band played on.

At the same time, another group of "granaderos" moved up to the other side of Lazaro Cardenas, to the corner where Juarez Avenue ends. They also spread out and took up positions, face to face with the demonstrators. The commander of the police group told them that they did not have permission to march towards the Zocalo. A loud cry was the response: "Zocalo! Zocalo! Zocalo!"

It was 11:17. Red, white and yellow banners rose up amid the thousands of young demonstrators, and in the background one could make out the Monument to the Revolution. It was very hot. The dogs were barking furiously. The "granaderos" went on alert. And the crowd seemed to surge forward.

Section 17 of the CTM managed to make it through a small opening along Francisco I. Madero between policemen, eight jeeps and "granadero" trucks parked on either side of the street...

There was confusion, uneasiness at the Juarez Memorial, where the STUNAM group was. At that very instant, two tear gas canisters exploded at the corner of Juarez and Lazaro Cardenas. That started the clubbing, the beating and the bottle-throwing. People began running over each other. The crowd was large, and it was hard to escape.

The youngsters proved stronger there, turning back the "granaderos." But they lost several comrades on the way. We managed to see the police grab one of them who got careless, beating him mercilessly and finally shoving into one of the many panel trucks there.

Many became frightened. Seeing their comrades, they shouted to the police to let them go. But the "granaderos" ignored them and were not going to retreat any further either. They made a stronger rush against the demonstrators trying to reach the Zocalo.

It was 11:35 and getting hotter. The Red Cross sirens began wailing...There was no place to go. Again the hoarse chant: "Zocalo! Zocalo!" But as the "granaderos" approached (Lazaro Cardenas), the chant shifted to something that sounded like a funeral dirge: "The united people will never be overcome!"

The crowd then threw more and more clubs at the "granaderos." They hurled rocks, bottles, shoes, pamphlets, anything they could find! And while the bottles and other projectiles smashed against and shattered the police's shields, the "granaderos" rushed, cudgels in hand, at the union demonstrators, pushing them back almost to the Alameda.

More people beaten and wounded...And in this no man's land (between the Alameda and Lazaro Cardenas) a woman was weeping amid the shouts of the policemen and members of the press rushing about. But she did not move. Her name is Alicia Duran, and she had left her daughter, 6-year old Maribel Lugo, in the little garden opposite Bellas Artes with a package while she went to buy her an ice cream. But then the brawl had started...

Cameramen from all the national media, newsmen and security agents were rushing around this no man's land while the demonstrators regrouped.

At 11:40 the independents headed out again. More beatings, more people wounded, more bottle-throwing. Madero Street was blocked by a metal barricade. The air was stifling. Tear gas canisters were going off left and right. One of the detainees shouted: "I'm a newsman!" But the "granaderos" did not give him a chance to identify himself, beating him and dragging him off to a panel truck.

This time the demonstrators retreated almost to the memorial. But the patrols provoked them. "Granaderos" with loudspeakers insulted them. Young people scurried along Lopez and outside Bellas Artes. The incidents grew isolated, though...There was nothing to fight back with.

By then it was almost noon. It was hotter yet. The air was thick with tear gas. The "granaderos" were toying with the canisters now, and one of them dropped one, causing his comrades to move back.

Fifteen minutes later 7 more patrols arrived with the so-called black group or "Los zorros," led by V.M. Fuentes. Alongside them were security agents with clubs and tight tee-shirts that read: "Washington University."

Seeing this, the independents headed off to the Monument of the Revolution, where they would regroup and move towards the Interior Secretariat to demand an explanation. For the time being, they gave reporters the names of some of those missing or wounded: Gerardo Hernandez from SITUAM, Marcos Rascon from the FNCR [National Front Against Repression], Miguel Angel Rodriguez from the B.A. Association, Antonio Hernandez, Cuauhtemoc Mendoza, Maria Isabel Ramirez and Adolfo Miranda.

They did, in fact, make it to the Interior Secretariat, though two more of them were arrested along the way. They called for the release of the people arrested, and a seven-man committee was received by Guillermo Malo Verduzco, an adviser to Undersecretary Jorge Carrillo Olea.

The committee was allowed in at 13:34 hours, but six reporters were denied access. Words were exchanged between security guards and reporters. The newsmen wanted to enter through the back door and finally were allowed to when Ruben Arellano arrived and after each of them had his credentials checked.

The demonstrators withdrew at 14:15 hours, after receiving assurances that there would be no arrests. Nevertheless, as they were walking towards the subway, they were pursued by police, and one more was arrested.

Meanwhile, along Juarez, Lazaro Cardenas and Madero there remained only a pair of station wagons with shattered windows, shoes, publicity flyers, clubs and a few onlookers trying to find out what had happened.

UOI Rally

Mexico City EXCELSIOR in Spanish 2 May 85 p 40-A

[Article by Angel Soriano and Rogelio Hernandez]

[Text] The university and higher education workers unions decided at the last moment to cut short their May Day march and hold a meeting

in front of the Memorial to Benito Juarez. At the same time, the columns of Independent Worker Unity (UOI), which marched separately, headed for the monument to the Child Heroes in Chapultepec. Both demonstrations, in which several thousand workers took part, went off without incident.

Armando Quintero, the representative of the Single Union of Workers of UNAM and the first speaker at the rally in the Alameda Central, scored the government's unilateral decision to deny them access to the Zocalo and reiterated the demand of "the country's democratic workers for changes in the economic policies dictated by the International Monetary Fund, which have condemned us to poverty."

Workers began arriving very early in the day at the Hidalgo Theater on Hidalgo Avenue. Members of university and higher education unions, company unions and the CNTE, they were all prepared to march to Constitution Square.

Nevertheless, the representatives of STUNAM made known there the resolution that its General Council of Representatives had passed not to march to the Zocalo unless conditions were right. They were not, because as Francisco Garcia de la Cadena explained, the atmosphere was conducive to provocation because of the excessive show of police force and because the previous night they had received "thought-provoking" requests not to cause trouble.

Thus, at around 11:00 o'clock, with STUNAM in the lead, some 5,000 demonstrators marched briefly along Hidalgo Avenue, Balderas and Juarez Avenue and gathered opposite the Memorial to Juarez.

Meanwhile, a group of around 2,000 persons claiming to belong to education unions, the National Union Coordinator and some small company unions took up positions around Angela Peralta and Juarez Avenue in an attempt to reach the Zocalo. They had not agreed to the university unions' suggestion to stage a single joint ceremony.

Several speakers from the organizing unions addressed the crowd at the Juarez Memorial. Their speeches were over in a half-hour, though, and they then asked the demonstrators to gather at the Monument to the Revolution to continue the rally because just a few meters away the police was still scuffling with groups of workers from other unions.

The UOI March

For his part, the leader of the UOI, Juan Ortega Arenas, heading up a densely-packed column of workers from 124 unions and 200 labor groups, reaffirmed his decision never to march into the Mexico City

Zocalo until there was a government that had more respect for the rights of the workers and as long as "we are still governed by cliques who have mortgaged the country and who keep the Mexican people in poverty."

Ortega Arenas, accompanied by the secretaries general of the affiliated unions, made the above remark during the rally that marked the end of the labor march that the UOI had organized. Starting at noon, the march proceeded from the Monument to the Revolution along Reforma Boulevard, blocking traffic in the area for 2 hours, to the Monument to the Child Heroes in Chapultepec.

Heading up a column of several thousand workers that divided up at the Independence Angel Monument to occupy the two sides of Reforma all the way to the Child Heroes Memorial, the UOI leader stated that the working class is currently in critical economic straits because of the poverty wages that the administration has imposed by following the harmful policies of the International Monetary Fund.

Also marching in the independent worker column were peasant farmer groups such as the CNPA [National Coordinating Board for the Ayala Plan], teachers from the National Teachers Coordinating Board, students from the People's Preparatory School and union delegates from various corners of the republic, who chanted: "The gringos and the State are exploiting the people!" "We workers and peasant farmers will overcome the gringos!" "Workers to the struggle to free Mexico!" "Worker, you choose: poverty or freedom!" "The people demand that we struggle with dignity!"

Ortega Arenas said that Mexico should not pay its foreign debt. Nothing should be demanded of the people because government leaders, not the citizens, contracted the debt. Public officials, who have \$80 million in overseas deposits, are the ones who ought to pay back the debt. The demonstrators chanted: "Workers and peasants, the government takes away the wealth we produce and gives it to the gringos!"

The march was led by two buses from the route 100 workers union; speaking from them through megaphones, organizers denounced the official May Day parade that the Labor Congress had arranged to the Zocalo, and described as servile the leaders of the official unions who accept the government's dictates even though its repressive policies run counter to the interests of the real workers.

At the rally on both sides of Reforma Boulevard at the entrance to Chapultepec Park, various speakers also denounced the political parties that are playing along with the Federal Government and chanted: "Worker struggle, not an election farce. The false parties have sold out to the government!"

The march from the Monument to the Revolution to the Child Heroes Monument took 1½ hours, while the rally lasted a half-hour. As the sun began sinking over the city around 14:00 hours, many of the demonstrators started to leave as their leaders kept demanding just wages, a repeal of the value added tax and no wage ceilings and urged workers not to vote for any political party.

Conflicts at Numerous Sites

Mexico City EXCELSIOR in Spanish 2 May 85 p 38-A

[Article by Hector Adorno, Tomas C. Montufar and Rogelio Hernandez]

[Text] Confrontations between members of the oil workers union and education workers and clashes between demonstrators from independent unions and police have left a toll of 150 wounded.

The most violent incident took place at Juarez Avenue and Lazaro Cardenas, prompting an angry reaction from 20 political and labor organizations. For its part, the Interior Secretariat asserted that aside from a few isolated incidents, the May Day celebrations went off smoothly because the mechanism that was supposed to insure freedom of expression for all worked well.

According to information gained directly and from the Red Cross, police stations, labor organizations and the Interior Secretariat, the events unfolded as follows:

At 1000 hours, patrol car and motorcycle police from the Secretariat for Safety and Roadways intercepted nine buses coming from Cuajimalpa to the Revolution Monument to the rally of the UOI. The buses were diverted on Constituyentes to Santa Fe, but most of the 140 passengers resisted, and the confrontation with police, in which firearms were not used, left 30 of them injured. They were attended to at the site; no policemen were reported injured.

At the same time, a contingent of Tizayuca residents who were heeding the UOI's call to attend the same rally were intercepted by Mexico City police patrol units, who warned them that they had better turn back. They did so after 15 of them suffered slight bruises in clashes with the men in uniform.

At 1100 hours at Pino and Constitution Plaza there was a confrontation among members of Section 34 of the oil workers union, apparently because some wanted to remove technicians and administrators from the official column.

A little further on, around Pino Suarez and Uruguay, there was another scuffle among members of the National Union of Education Workers. The groups from Revolutionary Vanguard were trying to keep out the representatives of the CNTE. Around 15 persons were slightly wounded and attended to by their comrades.

At 1130 hours a series of clashes between independent demonstrators and the "granaderos" began at the intersection of Madero and Lazaro Cardenas. Some 30 persons were attended to at the site of the incident by their comrades because they refused to board ambulances. Six uniformed policemen and four agents suffered wounds that did not require hospitalization. Graciela Moya and Lucia Rodriguez were hospitalized at the Red Cross. Some 22 people were arrested.

At 1230 hours there was another clash between the "granaderos" and route 100 bus drivers near the American Embassy. The one-sided brawl lasted 6 minutes and left some 20 persons injured; they were attended to and helped off by their companions.

At around 1400 hours the reports coming in to the commanders of the Safety and Roadways Secretariat noted that traffic was returning to normal at all spots that had been cordoned off for security purposes.

Church Spokesman Faults Government

Mexico City UNOMASUNO in Spanish 2 May 85 p 7

[Text] The Episcopate's executive secretary of social communication, Francisco Ramirez Meza, described the violence during yesterday's May Day parade as an expression of grassroots discontent and warned that a government that prides itself on its intelligence should heed these signals and do something about them before they become more serious. The Jesuit priest, who witnessed the attacks on the independent unions from the Alameda and even heard one of the tear gas canisters explode, said that this was not the way to restrain grassroots discontent.

Ramirez Meza said that he attended the labor movement gatherings "so that I wouldn't have to be told about them" and was able to see for himself the clashes and the workers scurrying for safety.

"I think," he asserted, "that what happened yesterday is a consequence of the crisis that the country is in."

8743

CSO: 3248/350

PERU

LACK OF REPORTS, INSPECTIONS ADDS TO USSR FISHING CONFLICT

Lima EL COMERCIO in Spanish 10 May 85 p A-2

[Text] Once again a revision of the fishing contracts with the Soviet Union has been proposed. In fact, even the minister of this sector has asked that that country withdraw its fleet from our territorial waters and our ports.

This is truly a thorny issue. Many factors can be used to back up criticism of the Russian fishermen. On the one hand, they are accused of plundering our marine resources. On the other hand, serious charges are levied at them for refusing to provide specific information on their fishing activities. There is also talk of abuse of our port facilities. Moreover, they are blamed for the deplorable state of our national fishing companies. Finally, their activities are considered to be not just commercial but also political.

Let us analyze these accusations point by point:

Ismael Benavides Ferreyros claims that the Peruvian sea is being plundered by a powerful fishing fleet comprising 250 factory ships. It is known that each of them has a capacity of 2,000 to 3,200 tons, with a crew of 30,000 men who are rotated periodically. The minister also stated in March that it has been learned that this fleet caught 2 million to 3 million tons of yellow jack, and with the other species caught that makes a total of 5.5 million to 6 million tons. This is of great concern to specialists, who say that this is the third largest catch by the Russians, compared to other areas in the world where they fish.

Thus, according to different technical reports, this plundering is indeed taking place, and the biomass, specifically the yellow jack and mackerel populations, is being severely damaged.

The minister of fishing states, moreover, that the Peruvian sea should be for Peruvian vessels. He is right. Compared to the aforementioned quantity of fish being caught by the Soviets, the national fleet catches only 2.5 million tons for both industrial uses and human consumption.

Consequently, the contracts are described as disadvantageous to this country. This is also true. In the three contracts currently in effect with the Russians, 85 percent of the fish is reserved for them and the rest for Peruvians. In 1981, Peru earned \$2.5 million, while the USSR took in \$20

million. In 1982 the Russians obtained more than \$70 million, compared to a tiny amount that went into our coffers. In 1983, Peru earned just \$5 million, while the USSR earned more than \$90 million. All these figures were released by the Senate Hunting and Fishing Committee.

Another point is the lack of reports on the activities of the USSR fishing fleet. We really do not understand why this is so. We can only quote Minister Benavides, who said, "The Soviets turn a deaf ear to the notes my ministry has sent them asking for information on the number of ships, crewmembers and tons of marine species caught. The Soviet bureaucracy is certainly hindering a rapid response."

Along these lines, it is surprising that there are no Peruvian inspectors aboard the Russian ships. We emphasize that to date there has been no explanation of the death of two Peruvians who perished under strange circumstances when they were trying to do their jobs and monitor fishing activity.

As for the improper use of our ports, Senator Cheneffusse stated two and a half months ago that according to a pact signed in 1980 and renewed in 1983, the USSR is to pay \$30 million for the construction of a dock in Paita. According to the experts, this will benefit them more than us, since the huge Soviet fishing vessels, without a Peruvian inspector on board, can cut an oblique line, covering much more than the 200 miles of our territorial sea, and with unlimited access to our ports. Thus, the fact that these ships claim to operate within the limits of our territorial sea is irrelevant.

Concerning political activities, the president of the Senate Hunting and Fishing Committee has said--and this has not been refuted--that there is communist infiltration in Callao due to the presence of the numerous crews of the Soviet fleet.

We believe, then, that all this merits not just an investigation, but also some decisions by the competent authorities.

8926

CSO: 3348/682

PERU

CZECH FUNDS FAIL TO REACH ELECTRO-PERU FOR PUCALLPA PLANT

Lima EL COMERCIO in Spanish 7 May 85 p A-7

[Text] The thermoelectric plant at Pucallpa should have been completed this month with the \$22 million provided by the Czechoslovakian Government. The project has been halted, however, because it appears that the Financial Development Corporation (COFIDE) has not channeled the money to the Peruvian State Electric Power Enterprise (ELECTRO-PERU).

This was disclosed yesterday by the commercial attache of the Czech embassy, Richard Hochmann, who also indicated that when this financial cooperation was first brought up, the cost of the plant was to be just \$6 million.

"We are surprised at the turn of events," stated the official at a press conference called by Ambassador Vasil Mochnac.

He also stated that recently his government had agreed to add \$5.7 million more to the aforementioned figure, but "we have not had any response from the Peruvian Government yet."

He noted that this credit is channeled through COFIDE, which has apparently not turned the money over to ELECTRO-PERU, the enterprise that is supposed to apportion the money.

Hochmann said that the civil construction is 95 percent completed, and that the plant itself and its equipment are all that is left to install.

"It appears that ELECTRO-PERU wants to use that money for other things, but we must recall that we gave the \$22 million exclusively for the Pucallpa plant, according to the agreement we signed," he pointed out.

Ambassador Vasil Mochnac indicated that the first commercial contacts between Peru and his country took place during the 1920s, when the Czechs exported machinery and consumer items to Peru. "We still see Slavia brand engines, diesel engines of different types, compressors, etc. in this country today," he remarked.

He pointed out that the most success in Peruvian-Czech cooperation has been seen in the electrification of Peru.

He stated that the Progoinvest firm has built diesel power plants in cooperation with ELECTRO-PERU in Tumbes, Jaen, Bagua, Chachapoyas, Moyobamba, Tarapoto, Yurimaguas, Cajabamba, Tingo Maria, Ayacucho, Huanta, Tarma, Nazca, Camana, Mollendo, Puquio, Juliaca, Cajamarca, Ayaviri, Puerto Maldonado, Quillabamba, Huanuco, Sechura and many others, in a total of 48 cities.

8926

CSO: 3348/682

PERU

1984 MINING VOLUME UP, EXPORT INCOME DOWN

Lima EL COMERCIO in Spanish 7 May 85 p A-15

[Text] Last year mining production rose by 4 percent, as reflected in the growth in the volumes of certain minerals, such as copper, silver, and zinc, by 10, 5, and 1 percent, respectively.

Other minerals declined, however, lead by 5 percent and iron by 8 percent.

According to data provided in the specialized publication BOLETIN ECONOMICO MINERO, the Central Peruvian Mining Enterprise (CENTROMINPERU) and Southern Peru were the most outstanding of the large mining firms. The former worked its Cobriza plant to maximum capacity, and the latter achieved a production level similar to that of 1982, even though work was paralyzed for 24 days.

The picture was not as bright in other mining companies. In Cerro Verde, a mining unit of the Peruvian State Mining Enterprise (MINEROPERU), mining production fell off by 18 percent.

The important subsector of medium-scale mining underwent a severe crisis in 1984. Its already flagging production fell by another 3 percent. Companies such as Santander, Rio Pallanga, Alianza and Atalaya saw their production figures decline.

Other medium-scale companies, such as Buenaventura, Minsur, Santa Luisa, Condestable and Malaga Santolalla were able to fend off the negative trend.

With regard to copper, the mining of this traditionally important export product increased by 15 percent due to the recovery of Southern and CENTROMIN, specifically in the Cobriza unit.

Medium-scale copper mining fell by 14 percent, because the Atalaya and Nor-Peru companies cut back on the processing of concentrates.

The refining of that metal climbed by 14 percent, but the figure could have been even higher if Cerro Verde's refining had not declined by 5 percent, experts say.

Production of lead concentrates slumped 4 percent, and CENTROMINPERU's tonnage was off 3 percent.

Medium-scale lead mining was hurt because companies such as Alianza, Atacocha, Milpo and Raura produced smaller amounts. On the contrary, Santa Luisa, Centraminas and Buenaventura increased their volumes.

The level of production of this metal remained unchanged from the previous year.

Zinc production rose by 1 percent, as CENTROMIN produced practically the same amount as the year before, as did the medium mining firms.

Lower Income from Mining Exports

Looking at the Peruvian balance of trade in 1984, it is clear that income from mining exports declined.

This is a consequence of low international prices, the revaluation of the dollar, and inventory levels abroad, according to the publication BOLETIN ECONOMICO MINERO.

In addition, fishing exports were noteworthy in that foreign sales in this sector doubled in 1 year.

Non-traditional goods also had favorable results due to improvements in the marketing of agricultural, textile and fishing products, primarily.

8926

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PERU

ARMED FORCES' MODERNIZATION, EXPANSION PLANS OUTLINED

Lima OIGA in Spanish 29 Apr 85 pp 23-24

[Article by Pablo Pinedo: "Garcia and the Armed Forces"]

[Excerpt] As far as the Army is concerned, there is no plan at this time which contemplates the purchase of a large amount of sophisticated armaments. The last, substantial purchases took place in 1973 and 1976, when the military government included within the Army inventory T-55 tanks and the powerful ZSl-23-4 ("Shilca") antiaircraft weapons system, both Soviet-made.

Under the present government the Army was only able to obtain six helicopters, which were earmarked for the emergency zone. Nevertheless, there are studies under way for upgrading the engines and guns of M4A-3 ("Sherman") American tanks, which were obtained in 1947. Also being upgraded are the engines of the French AMX75 and AMX105 tanks obtained in 1960.

As a military source said: "Peru will make use of its ingenuity to make up the technological gap and compensate for the shortage of resources." In this sense the Army is considering the purchase, in the near future, of light weapons, an adequate stock of spare parts for its equipment, and transport vehicles for its divisions of cavalry, artillery, engineering, communications, etc.

In the Navy things are different. Over the short term an effort will be made to obtain flexible financing which would make it possible to build a naval base at Chimbote, expected to cost \$800 million. Feasibility studies have been made, proposals have also been drafted, and it appears that there are reasons for completing this project. Chile has three naval bases.

Aside from this project and following the decision not to go ahead--for the moment--with the purchase of a sailing school ship, the Navy has decided to obtain equipment for the BAP [Peruvian Navy Ship] "Mariategui," a guided missile frigate. The ship will have two missile systems, the surface to air Albatross and the surface to surface Otomat, as well as other SCLAR rocket launching systems. This equipment will require investments over a period of time.

At present the most important new development for the Navy is completing the modernization of the flagship, "Gran Almirante Miguel Grau." This ship, which

is now at the Hollandse Signaalapparaten B shipyard in the Netherlands, will be converted into a light cruiser, with anti-ship missiles, modern radar, and new engines. Peru has already made an initial payment for this work of more than \$1 million.

Regarding the Air Force, the most recent, significant purchase has been completed. As is known, the manufacture of the 26 "Mirage 2000" aircraft began in France in October 1984. The Peruvian Armed Forces ordered the aircraft at the beginning of 1983 from the "Avions Marcel Dassault-Breguet Aviation Company."

These very sophisticated fighter-bombers (plus two training models), whose versatility has been proved, will be equipped with AS-30 laser-guided missiles (air to ground), Exocet AM 39 missiles (air to surface), and Matra 550 Magic missiles (air to air), which will raise to \$600 million the investment made by Peru.

Out of this total the Peruvian Government has only canceled \$100 million. These combat aircraft will begin to arrive in our country at the end of 1985, and under the contract there is no way of canceling it, as Alan Garcia wished to do. He will be charged with negotiating payment of the contract in long-term and flexible installments.

In another area the armed forces, which reacted to the recent improvements made by Chile in the military field, are involved in consolidating a new military industry which, paradoxically and according to military sources, could obtain foreign exchange for the country over the short term.

According to this projection, the SIMA factory will continue with its naval activities, despite the difficulties it is present' facing, with the help of Italian and German technology. Meanwhile, INDUMIL PERU (Military Industry) has under study the manufacture of medium armored cars, with the aid of technology apparently coming from the Soviet Union and Germany. A mixed Peruvian-Italian company, "Indaer-Macchi," will continue to work in the aeronautical field.

This will also mean an appreciable economic return for Peru in maintaining the extraordinary technological level achieved with the maintenance of Canberra, Mirage, and Sukhoi aircraft.

That is the military panorama which the new president-elect will have to deal with in the next 5 difficult years.

5170

CSO: 3348/650

PERU

BRIEFS

NEW TOBACCO EXPORT MARKETS--The National Tobacco Company (ENATA) will generate about \$260,000 in foreign exchange this year, thanks to a broad tobacco policy which is opening new markets in Czechoslovakia, Switzerland, and Argentina, officials of the company stated. They added that Peruvian black tobacco is considered of excellent quality at international fairs held in various countries, particularly in Europe. Between January and April 1985 ENATA sold black tobacco worth \$160,000 to the Federal Republic of Germany. Furthermore, the ENATA officials stated that the company is creating new jobs, thanks to the rehabilitation of agricultural land in various areas of the country. They added that at present ENATA is purchasing black tobacco produced by about 1,500 families, particularly in the Tarapoto, Tumbes, and Jaen areas. They said that in addition to rehabilitating the workers' lands, ENATA finances the harvest through loans or through the Banco Agrario. Regarding the promotion of Peruvian tobacco, they stated that ENATA participated in the "Consumers Fair" which was held from 17-23 April in Czechoslovakia and will take part in the "Muba-85 Samples" fair in Basel, Switzerland. [Excerpts] [Lima EL COMERCIO in Spanish 25 Apr 85 p A-12] 5170

CSO: 3348/650

13 June 1985

VENEZUELA

AGENDA FOR LUSINCHI'S MEETING WITH BETANCUR ANNOUNCED

Caracas EL DIARIO DE CARACAS in Spanish 30 Apr 85 p 17

[Article by Maria Eugenia Diaz]

[Text] The fact that Jaime Lusinchi and his Colombian counterpart, Belisario Betancur, deal with such prosaic matters in their phone conversations has not dampened the public's expectations about the summit the two presidents will hold in mid-June, at which they will deal primarily with bilateral affairs, a high executive source has revealed to EL DIARIO DE CARACAS.

Officials have spared no effort in preparing for the summit. Just yesterday at 1630 hours in the foreign policy section of the cabinet, the president sat down with six of his ministers to study the issues that will come up at the meeting. The disagreement over the delineation of surface and underwater borders in the Gulf of Venezuela "will be inevitable," but it will not be the most important item on the agenda.

Foreign Minister Simon Alberto Consalvi, Minister of Domestic Relations Octavio Lepage, Defense Minister Andres Brito Martinez, Minister of State and Chief of the Office of Coordination and Planning (CORDIPLAN) Leopoldo Carnavalli, Health Minister Otto Pieretti, Minister of Environment and Renewable Natural Resources Juancho Otaola, Minister of Agriculture and Breeding Felipe Gomez Alvarez, and Foreign Trade Institute President Simon Izaguirre, were all present at the cabinet meeting yesterday.

Aside from the disagreement, the topics that Lusinchi and Betancur will discuss are, according to this high-ranking source, the following: border integration, trade between the two countries, industrial and commercial coordination, rivers and water basins, immigration, smuggling, drugs and subversion, the binational timber company, and the Andean Pact.

"In short, issues much more important than the disagreement," commented the source to a small number of journalists.

In Caracas, the statements made recently in this city by the Colombian presidential candidate running on the New Liberalism Party ticket, Luis Carlos Galan, were very well received. He made the statements in response to a question about his opinion of the disagreement over the Gulf of Venezuela.

In sum, Galan stated that he favored seeking a quick solution to the disagreement, but that if that was not possible, he advocated freezing the issue, because there are issues much more important than the disagreement between Venezuela and Colombia.

The talks on the delineation of surface and underwater borders in the Gulf of Venezuela have essentially been suspended since a draft agreement was rejected by the Venezuelan public in the middle of the Luis Herrera Campins administration.

Lusinchi has promised—perhaps having learned a lesson from his predecessor, who was accused of mismanaging public opinion before the agreement with Colombia was presented—that the solution will be a national one, acceptable to all sectors.

Agenda

In addition to meeting with the foreign policy cabinet yesterday, the president heard reports from his ministers of domestic relations, foreign relations, and finance. He also met with Attorney General Hector Serpa Arcas, who submitted the annual report of the Attorney General's Office.

8926

CS0: 3348/663

VENEZUELA

LACK OF ECONOMIC GROWTH DURING FIRST QUARTER REPORTED

Caracas EL UNIVERSAL in Spanish 16 Apr 85 p 1-1

[Text] Inflation declined by almost one percent in the first three months, but unemployment rose to 16 percent in March. In the external sector results were positive: 700 million dollars were added to international reserves, placing them at a level above 13 billion dollars. Savings on interest payments on the external debt came to one billion bolivars as interest rates stayed at nine percent, although 14 percent had been estimated earlier.

Although international reserves have increased by 700 million dollars in the first three months of the year, there has still been no increase in the gross national product, government sources revealed.

The national executive power has begun to analyze the first results of the quarter for their evaluation within the so-called quantified economic program. They show a decrease in the gross national agricultural product, particularly with regard to milk and meat, due to a sharp drop in consumption and a slight increase in production of peanuts, corn and sorghum.

Official spokesmen pointed out that in the first quarter there was a decrease in the inflationary process, since in the month of January alone there was an increase of barely 0.2 percent. In the other two months there was a negative inflation rate.

The most adverse factor was unemployment, which rose in March to 16 percent.

Meanwhile, in the external sector the first quarter was more favorable. International reserves rose above 13 billion dollars, of which 7 billion are allocated to operating reserves. In the first months of 1985 there was an increase of 700 million dollars.

As regards interest payments on the external debt, the first quarter maintains an average interest rate level of 9 percent, although 14 percent had been estimated earlier. This has created savings of close to one billion bolivars under heading 40 which is applied to this end.

VENEZUELA

FINANCE MINISTER OUTLINES ADMINISTRATION'S ECONOMIC PROGRAM

Caracas EL NACIONAL in Spanish 27 Apr 85 p D6

[Text] Barquisimeto, 26 April--Finance Minister Manuel Azpurua spoke today at Conindustria's 16th Annual Assembly, outlining the entire Quantified Economic Program. The purpose of that program is to achieve a better coordination of fiscal and monetary policies in order to attain the goals of moderately accelerating domestic economic activity, reducing the unemployment rate, curbing inflation, maintaining a surplus in the current account balance of payments, and balancing the budget.

He stated that the fundamental objective of this program is to resume the growth process while maintaining the basic macroeconomic balances and achieving the necessary changes to bring about a healthy and self-sustaining recovery in the Venezuelan economy.

Changes in domestic prices will not depend exclusively on price controls, but should be the result of adequate coordination among fiscal, monetary and exchange policies.

External Sector Policy

"In 1985 the amount of imports at the exchange rate of 4.30 bolivars to the dollar will be cut to one-third of the amount imported in 1984. By the end of the year, this preferential exchange rate will be eliminated.

"The Central Bank of Venezuela's policy of intervening in the free market will be oriented essentially toward preventing erratic fluctuations in the free exchange rate and supporting the exchange rate unification process.

"Moreover, to bring down the level of non-essential imports, we will continue to apply controls, primarily through stricter enforcement of the customs tariff.

"As a counterpart to the above, in the Differential Exchange Rate System (RECADI) we will continue to cut the red tape involved in obtaining permission for imports and authorization for the purchase of foreign exchange. As for foreign trade, we are aware of how important it is to stimulate exports at this time, so we are implementing measures to simplify the financing of non-traditional exports. Concerning the registration of the private sector

foreign debt, some 80 percent of the cases have been reviewed; \$9.6 billion worth of cases have been decided, and some \$10,992 billion worth of cases have been studied.

"Furthermore," added Minister Azpurua, "I take great pleasure in announcing that the National Executive and the Central Bank of Venezuela (BCV) have both approved the modification of Exchange Agreement No. 2 to raise to \$500,000 per debtor the amount that will be paid immediately on these obligations. We hope to conclude the process of analyzing and registering the private sector foreign debt by the end of June.

"We have also begun to make payments linked to the transitory nature of imports in 1983 and 1984. A prudent, restrictive policy will continue to govern those priority projects that have been duly approved by the National Executive. In financing such projects, we will follow the policy of giving preference to bilateral sources and multilateral organizations such as the Inter-American Development Bank.

"This policy also includes promoting the influx of foreign capital in non-strategic areas, as long as it does not displace national capital, involves a true transfer of technology, and makes a special contribution to the generation of employment. In this regard, we are updating the Foreign Investment Regulations to simplify administrative procedures, combine existing regulations into a single legal body, limit the excessive discretionary powers of the Superintendency of Foreign Investment, and close the loopholes in these regulations."

Public Sector Policies

"We will continue our efforts to maintain the financial balance of the central government. For the purpose of stimulating economic activity, we have agreed to expand the 1985 budget with an additional investment spending program of up to 6 billion bolivars, financed as domestic savings. This program will be submitted to the National Congress for consideration next week."

Azpurua announced that the government will continue to restructure relations between public enterprises and the central administration, and to rationalize management, financial and operational techniques. "In this regard, we will continue to make progress in the development of plans to rescue public enterprises, and in actions aimed at increasing their self-financing capacity."

Special attention will be given to the banking and public finance system in order to clean up its portfolio and improve its deposit and investment policies. The reorganization, liquidation and transfer to the private sector of non-strategic public enterprises, where deemed appropriate, will also continue. In this regard, Minister Manuel Azpurua stated: "We have established a prudent, flexible monetary policy that complements our fiscal policy. Its goals are to maintain the external balance, reduce inflationary pressures and increase liquidity within reasonable limits, to ensure the financing that the production sectors need."

"This is a very brief and general outline of the policies of the Quantified Economic Program that we propose to develop for the recovery of our economy. We will devote all our efforts to achieving this goal, but there is no doubt that the confidence and participation of the private sector, especially industry, are indispensable. For this reason, we have repeatedly argued that an understanding must be reached among all sectors of the nation through what we have called the Social Pact, particularly between the fundamental factors of production: labor and management."

8926

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VENEZUELA

CTV PRESIDENT CRITICIZES ADMINISTRATION'S ECONOMIC MEASURES

Caracas EL UNIVERSAL in Spanish 30 Apr 85 p 1-12

[Article by Jose R. Hurtado]

[Text] The economic measures taken by the national government have had very adverse repercussions, "and I would go so far as to say they have been devastating to the working class and the people," asserted Juan Jose Delpino, president of the Confederation of Venezuelan Workers (CTV), yesterday.

Delpino, a member of Parliament, labor and political leader, member of the Democratic Action (AD) labor bureau and chief of the CTV labor movement, gave the main speech yesterday morning in the special session of the Municipal Council of Caracas. The purpose of the session was to pay tribute to the working class on the occasion of the 1 May celebration of another anniversary of the protest in Chicago and International Labor Day.

The meeting was attended by many presidents and leaders of national and regional federations and unions affiliated with the CTV, leaders of the Workers' Central Organization, council members of different political stripes who belong to the Municipal Corporation, journalists, and members of the public, all of whom filled the meeting room to capacity. Special guests included Vice-Minister of Labor Antulio Moya la Rosa and Democratic Action Secretary General Manuel Penalver.

Main Speech

Delpino started his 20-minute speech by recalling that 2 years after the events in Chicago, which culminated with the hanging of four of the most renowned participants, the Socialist and Workers' International Congress met in Paris in 1889, 96 years ago. There it agreed that the celebration of Labor Day on 1 May would be obligatory for all national workers' movements.

He noted that this date is the most closely tied to the struggles of the proletariat to obtain better social and economic conditions and overall political freedom. The work week was also shortened on this date, but above all these factors, it is primarily a date that inspires the workers to act nationally and internationally to build just societies in a democratic world.

"The only great developed and democratic nation where 1 May is not celebrated as International Labor Day is the United States of America, even though on its own soil the most historic events of the workers' movement took place."

Later on he asserted that on our subcontinent, some governments--just a few now--still prohibit the celebration of Labor Day. They have practically forced labor organizations to carry out their activities in secret.

"From this podium of the Municipal Government of Caracas, the guardian of Venezuelan democracy, I convey the greetings of the Venezuelan workers to their comrades in Chile, Paraguay, Guatemala, Haiti and all other places where the workers are subject to persecution. Despite that persecution, they maintain their faith in the destiny of their people and in the workers' capacity for resistance and combat."

Delpino asserted that in some democracies of convenience, and other incomplete democracies that are not very effective, sometimes not very subtle actions are taken to undermine union activity. These practices are carried out by governments and government or pro-government organizations, he noted. "It is our duty to be on guard against these actions, which though not very subtle could still go unnoticed and make our young movements resemble a crowd rather than an organization."

The CTV president stated in another part of his speech that a labor movement impoverished by the lack of virtue among its leaders thwarts the efforts of the workers, deprives their country of a driving force, and reneges on its commitment to progress and freedom, not only among its own people but among all people, and to decency. "It is not easy to hide immorality and corruption under the thin crust of words and postures that are not protected by example. The role of truly classist labor organizations is no longer limited to the struggle to assert rights or the search for better economic conditions for workers. The majority of unions had surrendered themselves, irrationally, to these tasks, much to the delight, of course, of the most reactionary elements of the national business sector, who possess more political power in our countries than we naively assume."

Limiting himself to strictly national affairs, Juan Jose Delpino asserted that "last year we stated in the CTV message to Venezuelan workers that the country was suffering the worst of the crisis, a totally unprecedented crisis. One year later, we must acknowledge that the authorities have been reluctant and even vehemently opposed to applying measures and supporting solutions that, in the opinion of well-informed observers, point to the very heart of the factors that caused the crisis. It is nothing new that in free enterprise systems the solutions to crises have the harshest impact on wage-earners and the lowest-income sectors."

"Thus, the economic measures taken by the national government have had tremendously negative, even devastating repercussions on the working class and the people."

"We would not be objective," he said later, "if we failed to note that in addition to the emergency measures the government took some steps aimed at compensating for the effects these measures had on the prices of basic consumer items."

J. J. Delpino contends that the Venezuelan labor movement, the CTV in particular, is facing cumulative pressures, from the workers, the poor, and public opinion. "We are incapable of ignoring or pretending not to feel this pressure. We do not intend to place other interests above the needs behind this just and natural pressure, even though such interests may be very honorable and very dear to many of us. They cannot be more honorable or more dear than the interests that the Venezuelan workers have entrusted us to defend."

He declared that "the democratic system has always found in us its strongest defenders and its most loyal supporters."

"Our organization, whose 9th National Congress is scheduled for 20 and 24 May, intends to review the current state of its structures and operations in a critical spirit. We will see if our structure gives us the capabilities we need at this juncture to meet the tremendous demands of the country's plight. If not, we will promote reforms to enable us to fulfill the commitments our organization has made to Venezuela, and to achieve the objectives that gave life to our organization. It is not a question of trying to appear as reformers, becoming the Zwinglis of the Venezuelan labor movement; necessity makes it imperative. We will not interfere in the actions of other union organizations. They are free to keep alive the weak flame of their little campfires. Then Venezuela will show the world that she is bigger than her problems."

8926

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VENEZUELA

GOVERNMENT TO ISSUE 6 BILLION BOLIVARS IN TREASURY BONDS

Caracas EL NACIONAL in Spanish 18 Apr 85 p D-1

[By Amado Fuguet V.]

[Text] The national administration will issue two-year Treasury Bills under the Public Credit Law to be analyzed next week by the board of directors of the Venezuelan Central Bank and to be passed later by the national Congress.

The issue of Treasury Bills will total 6 billion bolivars, which will permit financing of the program of extraordinary public investments approved some days ago by the Council of Ministers.

This information was provided yesterday by the new director of public finance at the Finance Ministry, Jorge Marcano, who is leaving as head of Iveplan (the Venezuelan Planning Institute), a post to be occupied by Ana Julia Jattar, who up to this time has been coordinator of the Seventh National Plan.

Marcano explained that the device of two-year Treasury Bills has been used on three occasions by former governments. This time they will be placed in substitution for the legal bank reserves deposited at the Venezuelan Central Bank, which will activate idle liquid funds and will provide credit for the Executive Power at no financial cost.

The official commented that these issues have been recommended by the majority of public finance technicians on several occasions.

The 6 billion bolivars would be paid off starting with the 1987 budget, which means that next year's budget will not carry that burden.

Marcano observed that these resources will be used in projects with a multiplier effect on the economy, with low foreign exchange requirements, and will allow, through the enhanced activity they will generate, higher fiscal income, which in turn will allow the Treasury Bills to be paid off in the course of time. This is thus considered as a "bridge loan."

The Reloan Clause.

The new director of Public Finance, who is a member of the external debt negotiating committee, said that the working meetings with the technical subcommittee of the bank committee that were held this week, resulted in outlining the general principles of the reloan clause that will be negotiated next week in New York.

These principles, he said, are based on the establishment of a mechanism for reassigning the debts of one public entity to another in the event that the former should want to pay its debts in bolivars at an early date since it would be onerous for it to maintain the credit in force for 12 and a half years.

The plan is voluntary. There will be reloans when the means and the need of making them exist, but for the present no such specific operation is contemplated. The entity that is the object of the reloan would be responsible for the interest payments.

Marcano said the documentation of the reloans would be made out in dollars but the transactions would be made in bolivars. He also said that as a result of this, appropriate studies have been made to measure the monetary effects. "In any case the clause does not imply any damage to the Republic or to the public entity that is the object of the operation," he said.

Marcano also reported that next Wednesday the negotiating committee will travel to New York where it will discuss with the bank committee, apart from the reloan clause, the agenda for the financial tour of world capitals and the new postponement of capital payments.

He explained that membership of the negotiating committee will remain unchanged, as Gustavo Galdo, who is going over to the private sector, will continue to cooperate in the refinancing negotiations.

Strength of Reserves

The finance ministry official, referring to the rise of international reserves above 13 billion dollars, said this indicator has been one of the most powerful weapons used in the refinancing negotiations because it is evidence of the strength of the Venezuelan economy.

The constant growth of the reserves has helped us. The term for refinancing was linked to financing requirements and to reducing the weight of the debt on external income, so as to liberate a greater portion of these to meet other needs.

He said that while the level of the reserves is comfortable, it is advisable to maintain them in anticipation of the fluctuations of the petroleum market, which is the source of the greater part of the country's foreign exchange income.

The fact is that several different international spokesmen consider our economy to be very solid. The comments are really positive.

On the behavior of interest rates, which are below the anticipated levels, he said that in fact we appear to be entering a prolonged period of low rates of inflation. However he pointed out that with the strength of the dollar international interest rates may rise, apart from which the causes that might bring about such increases have not been eliminated, among them the continuation of the U.S. budget deficit. "That is the time bomb," he said.

In any case it is better not to be too confident that rates will remain low.

Marcano also pointed out that financing needs of 4 billion dollars during this period from multilateral organizations may diminish, depending on the results that may be registered in the future with regard to the international reserves.

Capital increases and availability from multilateral entities for our countries from 1986 onward also have to be considered.

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VENEZUELA

BRIEFS

FOREIGN RESERVES FIGURES--According to the most recent figures of the Venezuelan Central Bank, international reserves as of 3 Apr 1985 stood at 13.049 billion dollars, of which 7.439 billion correspond to operating reserves. So far this year up to 3 Apr 1985, foreign exchange operations showed a surplus of 576 million dollars. In this period foreign exchange income totaled 4.235 billion dollars while outgo was 3.659 billion dollars. Outgo was distributed in the following way: 1.745 billion through financial institutions; 1.193 billion through the public sector; 344 million through Pdvsa (Petroleos de Venezuela S.A., the state oil company); and 377 million dollars through "others." In this first quarter of the year 1.458 billion dollars were applied to servicing the foreign debt, 1.072 billion in interest payments and 386 million dollars towards capital amortization. Debt payments were classified as follows: 1.227 billion to public debt and 231 million to private debt. During the period in question, 1.711 billion dollars went for imports (477 million by the public sector and 1.234 billion dollars by the private sector). [Text] [Caracas EL UNIVERSAL in Spanish 11 Apr 85 p 2-1] 12856

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